



Daily Report

Central Eurasia

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Kazakhstan, Russia Sign Trade, Economic Agreements

*LD0108173995 Moscow INTERFAX in English
1651 GMT 1 Aug 95*

[FBIS Transcribed Text] Moscow, Aug 1 (PIA-INTERFAX) — An agreement on basic principles of trade and economic cooperation between Russia and Kazakhstan in 1995 was signed on July 29 in Moscow, a source in Russia's CIS Cooperation Ministry told the Petroleum Information Agency, a division of INTERFAX, Tuesday.

Governments of both countries approved a draft version of the agreement in late June.

Under the agreement, trade and economic cooperation between the two countries "will be based on the principle of equality" in the form of direct contracts between companies. Payments will be made according to contract prices or prices established by specific intergovernmental agreements.

The agreements bind the two countries not to use non-tariff measures in mutual trade, except for the products exported under international obligations or having "special" terms of export.

The agreement provides for creating joint ventures, interstate and transnational companies.

In addition, Russia and Kazakhstan must provide favorable terms of transportation of passengers and cargoes, as well as for using all means of transport for supplies of oil, gas and energy.

Under the agreement, in 1995 Russia will supply to Kazakhstan 6.7 million tonnes of oil, 800,000 tonnes of gasoline, 1.2 million tonnes of diesel fuel, 1.7 billion cubic meters of natural gas and about \$450 million worth of equipment for oil fields. Kazakhstan will export to Russia 7 million tonnes of oil, 4.2 billion cubic meters of gas and 4 million tonnes of gas condensate.

According to the source, to date Russia has signed agreements on trade and economic cooperation with all the CIS countries, except Azerbaijan.

Kabardino-Balkaria, Abkhazia Sign Eight Agreements

*LD0108170895 Moscow INTERFAX in English
1539 GMT 1 Aug 95*

[FBIS Transcribed Text] Nalchik, Aug 1 (INTERFAX) — Kabardino-Balkaria — an autonomy in the North Caucasus involved in the Russian Federation — and Abkhazia signed eight intergovernmental agreements in Nalchik Tuesday in accordance with their treaty on friendship and cooperation signed last May.

INTERFAX's correspondent reports that the two sides signed agreements on cooperation in trade, the health service, culture, education, science and transport.

They also signed a document on interaction between Kabardino-Balkaria's and Abkhazia's interior ministries, which provides for conducting joint investigations, coordinating actions designed to halt the activity of organized criminals formations, preventing terrorist acts and combating illegal trafficking in arms, ammunition, narcotics and counterfeit money.

Abkhazia's delegation was led by Parliament Speaker Sokrat Jinjolia and Prime Minister Gennadiy Gagulia.

Speaking at the signing ceremony, Prime Minister of Kabardino-Balkaria Georgiy Cherkesov said that it lays legal foundations for the "centuries-old traditions of friendship and cooperation between the peoples of Kabardino-Balkaria and Abkhazia."

The two sides agreed to open their missions in Nalchik and in Sukhumi for the purpose of furthering bilateral ties.

Interstate Committee Supports 'Scientific Potential'

*LD0108145895 Moscow INTERFAX in English
1233 GMT 1 Aug 95*

[FBIS Transcribed Text] MOSCOW, Aug 1 (INTERFAX) — At its Tuesday's session the collegium of the Interstate Economic Committee approved a concept for establishing a common scientific and technical space on the territory of the CIS.

The collegium also considered a draft agreement fleshing out the concept's provisions, deciding that it needs more work. The draft is to be submitted to the heads of CIS states in three weeks.

Russia's Deputy Premier Aleksey Bolshakov, who presided over the session, said in an exclusive interview with INTERFAX that the concept and the agreement are of "great importance for integration processes in the CIS." According to him the losses inflicted on the former Soviet republics as a result of disrupted scientific and technical ties are enormous, and there is a need to do all in human power to restore cooperation in the area of scientific and technical policy.

The concept provides for joining the efforts of CIS states for supporting a CIS country's scientific potential.

Work in this direction will be conducted depending on the interests of the country in question and its economic potential, Bolshakov pointed out. The same factor, he said, will determine each country's share in financing one program or another.

According to Bolshakov, the concentration of efforts on concrete scientific and technical projects will also make it possible to expect funding from abroad.

ITAR-TASS Carries Press Review for 2 Aug

LD0208055095 Moscow ITAR-TASS in English
0543 GMT 2 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 2 (ITAR-TASS) — The situation in Chechnya is likely to be highlighted by the press for a long time yet. Despite the fact that the first step was taken to end the bloodshed on the territory of the Russian Federation, there are forces who disagree with the present state of things.

IZVESTIYA carries an article by analyst Aleksandr Golovkov entitled "Who does not want peace in Chechnya". The article is based on statements made by participants in the talks in Grozny and analyzes the position taken by the "party of war" both in Russia and Chechnya and the reasons why they are not content with the results of the talks.

In an article "Dzhokhar Dudayev does not decide anything" KOMSOMOLSKAYA PRAVDA comments on a more radical stance taken by Dudayev than his representatives led by Isman Umayev at the talks on peace settlement in Chechnya. "One might get an impression that Dudayev has been steadily losing control over the process of peaceful settlement, taken over by Imayev and Maskhadov", the newspaper said.

The situation has been rapidly changing and while the newspapers were being printed the news was broken that Imayev was ousted by Dudayev from the post of the head of the Chechen delegation to the talks with Russia. Dudayev accused Imayev of "betrayal of the interests of the Chechen people."

IZVESTIYA comments on a decision passed by the Constitutional court which ruled that the president's decrees and resolutions of the Russian government, on the basis of which Russian troops were introduced in Chechnya in December, 1994, were legal.

"IZVESTIYA" carries an article by law expert Yuriy Feofanov who gave a concrete explanation of the motives why the eight members of the Russian constitutional court expressed special opinions on the verdict passed by the court. Feofanov drew attention to the flaws in the law which allowed to pass this verdict and the "special" opinions expressed by the court and arrived at the conclusion that these opinions had not been in favour of the constitutional court.

ROSSIYSKAYA GAZETA carries an article by Aleksandr Mikhlin and Vyacheslav Silvestrov, who believe that many new laws of the Russian Federation do not work because the state lacks funds for their realization. One of such ineffective laws is the criminal code of the Russian Federation which stipulates the order and terms of imprisonment. If the state cuts finances to the criminal and executive sphere, enacting a new law involving considerable expenditures is senseless since the law will never work, the article says.

ROSSIYSKAYA GAZETA carries an address to all participants in the election campaign, warning them about the responsibility for illegal canvassing. Canvassing is banned by law until lists of candidates nominated by constituencies are registered by the Central electoral commission. The newspaper pointed out that the activities of some ardent candidates contesting seats in parliament run contrary to the Federal law on elections.

ROSSIYSKIE VESTI comments on the position of Yuriy Skokov who withdrew from political life a long time ago, but was reported to return to the limelight, intending to go through the election campaign on his own. The newspaper said that Skokov had involved prominent public figures in his political campaign, including Konstantin Zatulin, Sergey Glazyev, Stanislav Govorukhin, the general in reserve Aleksandr Lebed and others.

"ARGUMENTY I FACTY" comments on the rating of politicians who will run for parliament. The newspaper said that the rating of general Aleksandr Lebed had been quickly going up. In the majority of Russian constituencies Lebed was included in the "trio" of the most popular politicians.

On the right wing, Grigoriy Yavlinskiy's bloc has been in the lead, expected to win 10-15 percent of votes. "Russia Is Our Home" bloc is expected to collect 5-10 percent of votes, while Yegor Gaydar's bloc "Russia's Democratic Choice" is not likely to collect the necessary 5 per cent of votes needed for the victory.

Communist Gennadiy Zyuganov has a real chance of winning 10-15 per cent of votes, leader of the Agrarian party, Mikhail Lapshin, is expected to win 5-10 per cent of votes with the same number of votes expected to be given in favour of Vladimir Zhirinovskiy. Aleksandr Rutskoy and Yuriy Skokov, representing the "Power" and the "Congress of Russian communities" respectively, are expected to win 10-15 per cent of votes.

**Further on Kozyrev, Christopher Talks in Brunei
'Tensions' At Meeting Cited**

*LD0108180795 Moscow INTERFAX in English
1714 GMT 1 Aug 95*

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] BANDAR SERI BEGAWAN, BRUNEI, August 1 (Interfax) — Russian Foreign Minister Andrey Kozyrev told U.S. state Secretary Warren Christopher that Croatia and Yugoslavia should not interfere in Bosnia.

Kozyrev said at a briefing following his meeting with Christopher that the Croatian offensive in western Bosnia causes Russian concern and could split the world community.

He called on Russia's partners in the contact group, the U.S., Britain, France and Germany, to counter this development.

Kozyrev believes that the contact group must overcome the new difficulties and facilitate the search for mutually acceptable solutions to the problems facing the former Yugoslavia.

Christopher emphasized that the Croatian action was provoked by Bosnian Serbs who had captured Srebrenica and Zepa, UN-declared safe areas, and mounted an offensive on Bihac, a Muslim enclave. He called on the warring parties in Bosnia to desist from activities which could result in deterioration of the situation.

He welcomed Russian President Boris Yeltsin's offer of sending a Russian peacekeeping unit to Gorazde, another Muslim enclave in Bosnia which has also been declared a safe area by the UN.

In Kozyrev's words, the meeting was held against a background of new and resumption of old tensions between Moscow and Washington.

Kozyrev expressed the hope that these tensions will be overcome in the spirit of the Russian-American partnership backed by continuous close contacts of the two presidents.

Grigoriy Karasin, a high ranking Russian diplomat, told journalists accompanying Kozyrev that the two men also discussed preparation for a meeting of Yeltsin and U.S. president Bill Clinton.

Karasin said that the meeting is scheduled for October when the UN will mark its 50th anniversary and Yeltsin will arrive in New York for the occasion.

Kozyrev and Christopher worked out a timetable for meetings of experts. The two men will meet at least once before the summit, Karasin said.

In his words, Kozyrev and Clinton called for joint action of the contact group member states in tackling the Bosnian crisis. The two men also discussed NATO enlargement and the flank restrictions under the treaty on conventional arms limitation in Europe that Moscow would like to revise.

According to Karasin, Kozyrev and Christopher discussed the problems in the U.S. Chinese relations. Karasin recalled that these problems had also been discussed at a meeting Kozyrev had with his Chinese counterpart Qian Qichen.

Interfax's special correspondent reports that Kozyrev also had meetings with his South Korean, Japanese, New Zealand and Australian counterparts.

Russian Deputy Foreign Minister Aleksandr Panov told journalists that Kozyrev and Japanese Foreign Minister Yohei Kono agreed on the timetable of their meetings before the end of the year.

Panov said that Kono is expected to visit Moscow before the end of the year in his capacity of co-chairman of the Russian-Japanese inter-governmental commission.

Panov added that the next round of talks on cooperation in fishing around the South Kuril Isles will be held at the end of August.

'Compare Notes' on Bosnia Settlement

*LD0108130995 Moscow ITAR-TASS in English
1255 GMT 1 Aug 95*

[By Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW, August 1 (Itar-Tass) — Russian Foreign Minister Andrey Kozyrev and US Secretary of State Warren Christopher met in Brunei to compare notes on their mutual approach to the solution of the Bosnian conflict and look for ways of pulling all sides involved out of the crisis in the Balkans.

A spokesman for the Russian Foreign Minister, Mikhail Demurin told a briefing here today that Kozyrev had presented to his U.S. colleague a plan approved by President Boris Yeltsin. The plan provides for specific steps towards the political settlement of the conflict in the former Yugoslavia.

According to the Russian spokesman, the plan includes support of the proposals put forth by Carl Bildt, the EU [European Union] coordinator of the negotiating process, with regard to mutual recognition of one another by the former Yugoslav republics and the lifting of sanctions against Belgrade, to ceasefire in Bosnia and

Croatia, and to the beginning of negotiations on the basis of Contact Group plans.

"No essentially new ideas of political or use-of-force nature were voiced at the meeting," Demurin said.

The parties expressed serious concern over the aggravation of the military situation in the region, the spokesman pointed out. The Russian Minister drew the attention of his American counterpart to the danger of drawing the Croatian army into combat activities. He called for the prompt involvement of the United States and other contact group partners in active steps leading to the political settlement of the conflict.

Kozyrev and Christopher also discussed questions relating to the preparation for the next U.S.-Russian summit, to European security in light of the NATO expansion plans and effective limitations on the flanks of the Russian forces under the Agreement on Conventional Arms in Europe, to the situation in Syrian-Israeli relations and the Middle East settlement as a whole.

The U.S. official also spoke in detail about relations between the United States and China.

U.S. Urges Halting Deal With Iran

LD0108115495 Moscow *ITAR-TASS in English*
1105 GMT 1 Aug 95

[FBIS Transcribed Text] BANDAR SERI BEGAWAN, Aug 1 (Itar-Tass) — US Secretary of State Warren Christopher made another attempt Tuesday to persuade Russia to drop the nuclear deal with Iran, but to no avail.

Russian diplomatic sources told Tass that the attempt was made during a meeting with Russian Foreign Minister Andrey Kozyrev in the framework of the ASEAN security forum in Brunei.

"Russia is not going to refuse from shipments of equipment for Iranian nuclear power plant although the United States considers that the deal does not meet the interests of Moscow and Washington", the sources said. [sentence as received]

Christopher, according to them, told Kozyrev that the United States does not see any changes in Iran's policy which could decrease fears about its possible work on a long-term programme of nuclear weapons creation.

Kozyrev made it clear that Moscow understands the US concern and believes it should be discussed at bilateral talks. However, according to the sources, he said Russia has no proofs capable of convincing its government that Iran is indeed trying to create nuclear weapons.

Iran Deal Rebuffed on Security, Environmental Grounds

MM0208110795 Moscow *TRUD in Russian* 2 Aug 95
p 2

[Article by Vladimir Kuznetsov, director of the International Chernobyl Safety Foundation Information and Analysis Center: "Burial Facility Without Borders"]

[FBIS Translated Text] As a specialist, I cannot remain indifferent to Russia's intention to supply Iran with nuclear power station power units with VVER-1000 reactors. In the context of recent events in Budennovsk, and aware of the growing danger of political terrorism, we have to think more than twice about all the conceivable consequences of exporting the so-called "peaceful atom."

The Chernobyl syndrome seems to have vanished in our country in the wake of the Union's collapse. The sense of alarm has been dulled. The nuclear power industry is undoubtedly an impressive component of the whole fuel and energy complex and will be developed for the good of mankind in the 21st century too. The problem is how capable our civilization as a whole and an individual country in particular are of using the gigantic power of the atom without posing a threat to people's lives, the natural environment, and near-earth space. Let us recall that the disaster in Chelyabinsk Oblast in the early fifties turned a considerable area of previously habitable land into a lifeless space and, no matter how much the accident at the "Mayak" Production Association, which manufactures plutonium for bombs and missiles, is hushed up, you cannot hide the illnesses and deaths suffered by inhabitants of the Techa River basin. The 40 or more years of "Mayak's" activity have resulted in its destructive impact being recorded in neighboring Sverdlovsk and Kurgan Oblasts. And signs of radiation contamination can even be found in Tyumen Oblast.

Do you think that Chernobyl radiation has disappeared? Nothing of the sort! Radionuclides of cesium-137 and 134, strontium-90, and other dangerous substances are still affecting people in 17 oblasts in Russia, Ukraine, and Belarus, and the number of cancer sufferers is not falling.

There are plenty of "blunders" when it comes to ensuring security now, too. Last year 127 violations were recorded at 29 reactors, moreover VVER's (water-moderated water-cooled reactors) held first place in these unpleasant statistics. For instance, 19 out of 26 unscheduled shutdowns [otklyucheniya ot seti] occurred at power units with VVER's. Some 52 instances of safety system failure were recorded. Their design ca-

capacity utilization factor is considerably lower than that of uranium-graphite pressure-tube reactors.

How can I help recalling that 57 nuclear reactors operating in East Europe as well as in Finland, the FRG, and the former Union republics were designed in accordance with the technology of the sixties and seventies and, consequently, most of the structures can be seen to suffer from such shortcomings as the lack of a containment structure, limited emergency core-cooling capacity, imperfect monitors and meters, etc. Moreover, the building of nuclear research centers in Cuba, the DPRK, and Libya can only be attributed to political expediency. And now we will also be helping Iran to obtain modern power-generation technology.... It is no secret that uranium and plutonium are also suitable for use for ir'human terrorism.... In the last year alone there have been 19 thefts of uranium from Russian Ministry of Atomic Energy enterprises. As long as a demand exists, there will be a supply. And blackmail is by no means ruled out here.

Early this year a report came in from Chechnya that during the hostilities there was a risk of the local "Radon" enterprise, where radioactive waste is stored, being blown up. Burial facilities are another problem. After all, depleted fuel has to be buried somewhere and carefully guarded. So, are we turning Russia into a "latrine" for this entire radioactive plague, and are we going to pollute areas where it would be better to engage in sensible economic activity, cultivate crops, or build? We already have an acute environmental crisis.

That is why we have to ponder once again: Does Russia need to acquire another partner in the nuclear power industry? Is this kind of tutelage not detrimental to ourselves and (ultimately) to others too? Especially since international control over nuclear weapons proliferation often yields to various states' commercial interests. While gaining financially at a given moment, we could lose out when it comes to long-term policy.

Iran Indirectly Confirms Weapons Supply to Bosnia

LD0108125195 Moscow ITAR-TASS in English
1231 GMT 1 Aug 95

[By Oleg Kuzmin]

[FBIS Transcribed Text] TEHRAN, August 1 (Itar-Tass) — Iran on Tuesday indirectly confirmed that Islamic states supply the Bosnian government with weapons, including heavy ones. Speaking at a press conference here upon returning after a one-day tour of Croatia and Bosnia, Iranian Foreign Minister 'Ali Akbar Velayati emphasised that "we (Moslem countries — Note by correspondent) render all necessary assistance to Bosnia."

In response to a question about the deliveries of heavy weapons to Bosnia, Velayati quoted Bosnian President Alija Izetbegovic as saying that "Bosnia needs heavy weapons to counter those of the Serbs." "We give Bosnia any assistance it needs," the minister said.

Speaking about the aims of his surprise visit to the Balkans, Velayati said the trip was a continuation of the Geneva meeting of the Organisation of the Islamic Conference (OIC) Contact Group on Bosnia and that he wanted to familiarise himself with the latest developments in the region and show Iraq's support for Croatia and Bosnia.

Answering a question asked by the Itar-Tass correspondent about Tehran's attitude towards the activities of the international Contact Group on Bosnia and one of its members — Russia — in particular, Velayati called for stronger cooperation between the two Contact Groups, the cooperation which will help settle the conflict. He voiced hope for a continuation of contacts with Moscow on Bosnia. The minister said that it was "due to Iran's assistance Russia and Bosnia had reached a better mutual understanding, which manifested itself in the visit of Bosnian Prime Minister Haris Silajdzic to Moscow and mutual recognition of the two states."

Moscow Concerned by Croatian Involvement in B-H

LD0108141595 Moscow ITAR-TASS World Service
in Russian 1301 GMT 1 Aug 95

[By ITAR-TASS diplomatic correspondent Yuriy Kozlov]

[FBIS Translated Text] Moscow, 1 Aug (TAR-TASS) — The Croatian Army's offensive in Western Bosnia and the concentration of Croatian Armed Forces along the disengagement line in Serb-populated areas are causing serious concern, Mikhail Demurin, first deputy director of the Russian Foreign Ministry's press and information department, said here today. "Zagreb's policy," he noted, "is increasingly drawing it into the conflict and is at variance with the demand by the world's major powers to the Croatian leadership that it refrain from using force."

The fact that new tension is developing following the accords attained by Russian Foreign Minister Andrey Kozyrev in Belgrade, where it was possible to achieve, through considerable efforts, at least "initial stabilization" in the areas of Gorazde and Sarajevo, is causing even greater astonishment, the Foreign Ministry's official spokesman said.

Demurin described as "partly well-grounded" Croatia's concern over the situation around the Muslim enclave

of Bihac. But one gets the impression, he said, that this concern was voiced with the only purpose of "justifying a large-scale military action, which goes beyond the Bihac area where both Bosnian and Krajina Serbs have completely stopped military actions."

There have been and still are possibilities of solving the problem by political means, the Russian diplomat went on. This is precisely the task of Yasushi Akashi, the UN Secretary general's special envoy in former Yugoslavia, who has managed to secure serious concessions from Knin [Serb Krajina], which can become a basis for an initial compromise and open a talks process, he said.

Russia is calling on Zagreb, the Russian Foreign Ministry's spokesman said, "to weigh once again all the aspects of the situation, return to political ways of settlement, and stop the military action, which, far from being able to solve the Croatian problem, is opening the path to expanding the conflict and threatens to involve ever new participants in a large-scale war." Attempts to solve problems by weapons, he stressed, are at variance with the readiness shown by the Bosnian and Krajina Serbs to start direct talks on a cease-fire immediately. "Responsibility for thwarting the attempts to agree at the negotiating table will rest with those who misses this chance."

Moscow has a right to expect a similar unequivocal signal from the UN Security Council, too, Demurin went on to say. In connection with this he pointed out yesterday's statement by the UN Security Council chairman in which the latter expressed concern over the exacerbation of the situation in Western Bosnia and called on all sides of the conflict to show maximum restraint. The statement qualified unequivocally all transborder military actions as violations of the Security Council's relevant resolutions.

Zotov: Lifting Embargo Will Cause 'Bleak' Situation

LD0108200295 Moscow Radio Rossii Network in Russian 1800 GMT 1 Aug 95

[FBIS Translated Text] We have asked Aleksandr Zotov, the president's special representative on the former Yugoslavia, to explain Russia's stance on the possibility of lifting the arms embargo against Bosnia.

[Begin Zotov recording] Our attitude is negative. As far as the embargo is concerned, we share views with all the rest: The members of the contact group and the countries participating in the peacekeeping operations. If the embargo is lifted, many countries will withdraw their troops and their UN Protection Force [UNPROFOR] contingents from Bosnia, because the influx of arms in the conflict zone will mean a course for a war. So, there

are plans to provide protection for the UNPROFOR if they are going to withdraw — active protection with NATO's involvement. That is, lifting the embargo is just the beginning of a long chain leading to the spread of the conflict and to the use of force. So, the prospects are quite bleak, not to say frightening. [end recording]

U.S. House Vote To Lift Bosnia Embargo Seen Imminent

MK0108152095 Moscow SEGODNYA in Russian 1 Aug 95 p 3

[Report by Vladimir Abarinov: "The U.S. Congress Against the Serbs and President Clinton"]

[FBIS Translated Text] Today in Washington (overnight from Tuesday to Wednesday Moscow time), the House of Representatives will vote for a U.S. withdrawal from the arms embargo against the former Yugoslavia, imposed in 1991 under UN Security Council Resolution 713. Few doubt that the vote will be for, not against. As is known, the Senate has already approved a bill introduced by Republican Bob Dole and Democrat Joseph Lieberman by a vote of 69 for and 29 against. It is appropriate here to recall that a year ago, when the Republicans in the Congress were in the minority, an analogous bill was nonetheless passed in the Senate by a majority of one vote. The President — there is no doubt about it either — will veto the law and the houses of Congress will need to take a repeat vote. After getting two thirds of the votes twice, the law will go into effect.

The hysteria over the Senate decision appears premature and inadequate. "The 1995 Law on the Self-Defense of Bosnia and Herzegovina" (such is the official title of the document) envisions termination of the effects of the arms embargo with respect to the Bosnian Government **after** the UN Protection Force (UNPROFOR) has been pulled out of the country. Therefore, claims that the adoption of the Dole-Lieberman law will entail the withdrawal of the peacekeepers are wrong, if not lacking in conscientiousness. Next, the president is obligated to terminate the embargo 12 weeks after the Bosnian Government requests that the Security Council pull out UNPROFOR, which means that the withdrawal should be completed by this time. The President, however, may extend the deadline for the pullout first by one and then "by more than one 30-day period." Under the law, the President should within seven days of the beginning of the withdrawal advise the Congress in writing about the course of the operation and then repeat such reports every 14 days. If the President has come to the conclusion that the operation cannot be completed within 12 weeks, he must indicate the reasons why this is not possible.

As can be seen, the lifting of the embargo is rigidly linked to the pullout of the peacekeepers. Furthermore, an amendment by Democratic Senator Sam Nunn says that after the Bosnian authorities have asked the Security Council to withdraw the UN forces, the president must immediately submit to the Security Council a draft resolution envisioning the cancellation of the arms embargo on a multilateral basis. Finally, under an amendment by Republican William Cohen, if the Security Council fails to adopt such a resolution, the United States will need to raise the question before the UN General Assembly.

It follows from the above that the senators are fully aware of the negative consequences of a unilateral lifting of the embargo. At the same time there are thus far no grounds to speak of "undermining the buttresses of international law and order," in the expression of Andrey Kozyrev. The senators have hedged their decision with too many conditions. Moreover, it is an open secret that de facto the embargo is being violated, primarily by Belgrade.

The same can be said about the abolition of the "dual key" procedure, i.e., the need to coordinate each air strike with the UN Headquarters. In his time your SEGODNYA correspondent heard from Russian diplomats some extremely unflattering comments about this so-called coordinating procedure. There have been instances when an UNPROFOR commander has refused to raise the general secretary from his bed because the need for his sanction arose when it was midnight in New York. It was New York's belated reaction that became one reason Srebrenica was seized. Finally, the new procedure does not at all exclude the UN from the coordination process: It is simply that the decision is taken by two — NATO and UN — commanders on the spot — by a coincidence, both are of the same name.

The departure of peacekeepers from Bosnia is a foregone conclusion: All European capitals seem to realize this. The U.S. senators can be accused only of being inconsistent: In working toward this departure, they refuse to finance the participation of U.S. troops in the UNPROFOR evacuation operation.

Kozyrev Assesses Chances for Contact Group Meeting

LD0108173395 Moscow INTERFAX in English
1539 GMT 1 Aug 95

[FBIS Transcribed Text] Baudar Seri Begawan (Brunei), Aug 1 (INTERFAX) — Russia will support France's initiative to hold another meeting of the Contact Group of foreign ministers, provided there are at least minimum guarantees of its productivity, a source close to

Russian Foreign Minister Andrey Kozyrev told Interfax in Brunei's capital Tuesday.

The diplomat recalled that the Contact Group, including Kozyrev, had held an expanded meeting in London in late July. "Sure, one can gather every week. Provided there is a result," he added.

The source supposed "some partners of Russia in the Contact Group try to play off the Bosnian card, staking only on the Moslems" who, he said, try to involve NATO in the conflict on their side.

"Russia supports an unbiased and impartial approach while assessing the conflicting sides' actions. The Moslems are just as important for us as the Serbs. Nevertheless, we understand that after the conflict is over it will be the Serbs who will remain Russia's mainstay in the Balkans," the diplomat said.

Foreign Ministry Denies Meeting

LD0108105395 Moscow INTERFAX in English
0930 GMT 1 Aug 95

[FBIS Transcribed Text] MOSCOW, August 1 (Interfax) — Russia's Foreign Ministry has refuted some media reports that a session of the Contact Group on Bosnia is being convened in Washington on Wednesday.

"On August 2 in Washington consultations will take place between the West European countries (Britain, Germany, France — IF), comprising the group and U.S. with a possible participation of Carl Bildt, the co-chairman of the International Conference on Former Yugoslavia from the European Union. Russia has not been invited to this meeting," a senior Russian diplomat has said in an interview with Interfax.

There are indications that the consultations will focus "on some aspects of Bildt's plan for a settlement in former Yugoslavia."

As is known, this plan provides for a long-term suspension of international sanctions against Belgrade in exchange for its recognition of Bosnia-Herzegovina.

Touching upon the French President Jacques Chirac's proposal to convene a session of the Contact Group at foreign ministers level, the source announced that "this idea is in the stage of deliberation."

Moscow's Position in Balkans Said To Weaken

*MK0108062595 Moscow KOMMERSANT-DAILY
in Russian 29 Jul 95 p 4*

[Commentary by Sergey Romanenko: "Situation in Ex-Yugoslavia. How Obsessed They Are With This War...."]

[FBIS Translated Excerpt] [passage omitted] On Wednesday [26 July] the U.S. Senate passed a resolution on lifting the embargo on shipping arms to the legitimate government of Bosnia-Herzegovina. Voices are being heard in Moscow that in response, it is necessary not only to renounce unilaterally the economic sanctions, but also to lift the embargo on shipping arms to the FRY [Federal Republic of Yugoslavia]. Could this amount to a declaration of war on the state of Bosnia-Herzegovina that Russia recognized in April 1992 and established diplomatic relations with in February 1993? A series of unilateral moves would explode the general peace. The sanctions and embargo can be lifted only in the agreed manner in which they were imposed. Any unilateral action, be it by the United States, Russia, or Muslim countries, would spell disaster.

It is no secret that the sanctions against the FRY are being violated in the same way as the embargo on arms shipments to Bosnia. They should be altered if for no other reason than that they promote the general criminalization of international economic relations without achieving any political result. Besides, not only has the ability of international bodies and individual states to steer the Bosnia crisis toward a peaceful settlement been called into question; so has the very system of international relations, the very principles of the post-war world order. [passage omitted]

The danger is that the mechanism for searching for a peaceful settlement in the Balkans has become a vital element of international relations. Should the UN mission wind up, countries which are and which are not members of the "Contact Group" would act independently, supporting either side in the conflict. It is easy to guess the consequences: far from ending, the war would start to blaze with renewed force. What is even worse, differences between the major countries, which are expressed openly in the Balkans, would come to be the strongest destabilizing factor for the whole world and a disintegrating factor for Europe. This, aside from other things, may lead to renouncing agreed interests and joint diplomacy, and strike a blow at the idea of partnership. The conflict in the Balkans would heighten the differences between the leading powers and weaken regulating and restraining mechanisms (Their role is still

being fulfilled by the "Contact Group" despite all its drawbacks and failings).

The complexity of the situation also lies in that the reputation of both the UN and NATO has taken a beating. This is in a situation where the broadening of the alliance is being discussed. NATO's strikes until now have been, of course, no more than of a token nature. Their targets were an empty airfield or an individual tank. Can this scare the Serbs, who have been through two world wars and survived a conflict with the USSR between 1948 and 1956? Sergey Karaganov, director of the Institute of Europe, was correct when, in a Radio Liberty interview, he thus assessed Russia's possible unilateral abandonment of the sanctions: "From a political point of view this could be a rational slap in the face in response to a slap in the face, but I do not think that if Russia is going to respond to the United States' unilateral and clearly wrong action with its own unilateral, though perhaps more correct, actions, that this is going to strengthen the chances for peace in Yugoslavia."

One can say in advance that no matter how effective, outside interference would inevitably lead to direct involvement in the war of the armies of those countries that are now ready to take up positions on either side of the barricade. Let us suppose that Srebrenica and Zepa have been won back. Let us even assume that residents have returned to their gutted towns. Would Karadzic renounce his claims? How many years would the troops of foreign states have to remain in these enclaves? What would happen there after their withdrawal, no matter when? It is hard to argue against Russia's position from this point of view: The Bosnian problem has no military solution from outside. The catch is that this approach is not backed by strong specific moves. Russia finds itself in a quandary. It results from strategic miscalculations of recent years, when an historic chance was missed for Russia to become a strong and desirable intermediary and partner for all sides. Indeed, in the spring of 1992, Russia officially recognized both Croatia and Bosnia-Herzegovina and preserved its relations with Serbia, which provided a chance to stop the war almost before it began.

Now our position in the Balkans has considerably weakened. There is no due level of understanding and trust with the governments of Zagreb and Sarajevo. Belgrade and Pale do not exactly heed Russia's "requests" despite much talk about "Slavic Orthodox brotherhood" and the "identity of interests of Russia and Serbia." This is seen from the frequent and unsuccessful visits by Russian representatives of various ranks to the FRY and the Republic of Serbia.

Regular contacts between Moscow and Belgrade seem to be enabling Russia to play the role of mediator between the West and the Serbs as well to show to the home opposition its international influence. It should be admitted though that "special relations," "historical links," and Moscow's "strong influence" on the Serbian leadership could have been more rewarding. Unfortunately, one can speak now not only about Moscow influencing Belgrade, but also about Belgrade and Pale manipulating Moscow's politicians for their own ends. The attitude to Russia is also modified by the historical tradition of rivalry between Russia and Serbia in the Balkans (their being "allies from the start" is a historical-political myth), and the undeniable weakening of the position of Russia, whose power and influence are impossible to compare with those of the Russian Empire or the USSR. As for our difficulties and weaknesses at home, they are there for everyone to see. Russia not only does not have the economic or financial resources to rebuild the economy of the FRY, but it cannot even repay its debt of \$1.6 billion remaining from the times of the USSR and the SFRY [Socialist Federal Republic of Yugoslavia]. Therefore, artificially imposed economic cooperation based on ethnic grounds is not going to benefit Russia.

Yugoslavia's — including Serbia's — economic, financial, and technological systems are traditionally oriented toward the countries of Western Europe, primarily Germany. Suffice it to recall that the FRY authorities "pegged" the dinar to the Deutsche mark in carrying out the so-called financial reform. Establishing close economic relations with Serbia, whose authorities supported the putsch in 1991 and the opposition in 1993 and carried out virtually no market reforms, Russia not only discredits itself politically but is falling into still greater dependence on the FRY. While risking direct involvement in the war, Moscow is not using its entire political strength and diplomatic power to stop the capture of territories, fratricide, and ethnic cleansing. The establishment of peace between Balkan peoples would be a display on the part of Russia of its genuine affection and friendship toward them. [passage omitted]

As in Moscow, confusion and inconsistency regarding the war in the Balkans prevails in Western capitals — which is taken in Moscow, in turn, for an anti-Serb stance and, by implication, for an anti-Russian policy. Nor is there a unified approach to the mission and mandate of the rapid reaction forces among the states that have inspired this action.

People are increasingly asking themselves the question: Why are the entire peacekeeping efforts of the international community, which suffers defeat every time, so unsuccessful? But then, can outside intervention in

old inter-ethnic conflicts, which have become conflicts between states, form the basis for a settlement? This question is becoming ever more urgent as the activities of numerous and rival mediators run into a blind alley.

Daily Calls Moscow Bosnia Policy 'Failure'

MM0208110595 Moscow IZVESTIYA in Russian

2 Aug 95 p 1

[Article by Maksim Yusin: "Moscow Has Launched a Diplomatic Offensive Against Zagreb. Western Countries Are Biding Their Time"]

[FBIS Translated Text] The Croatian troops' offensive against Serb positions in Western Bosnia has aroused the sharp displeasure of Moscow, which has sent a protest to President Franjo Tudjman and threatened to raise in the UN Security Council the question of Zagreb's interference in a conflict in a neighboring state.

The Russians, however, will not find it easy to make the Croats heed their opinion. Croatia's acting ambassador in Moscow has repeated the official formula, which has become customary and is believed by few people even in Zagreb itself: There are no units of the regular Croatian Army in Bosnia-Herzegovina.

Moscow can hardly count on the Security Council's adopting a tough anti-Croat resolution. While voicing verbal concern at Zagreb's actions, Western politicians cannot fail to feel satisfaction deep down: The Croat offensive has diverted the Serbs' forces from Bihac, relieving NATO of the need to take decisive actions to defend the enclave, which was declared a UN "safe zone."

So we should not overestimate the possible consequences of Moscow's present threats nor, incidentally, of other steps which it has taken recently in the Bosnian salient. Unable to exert a real influence on the development of the situation, Russia is simulating vigorous diplomatic activity, issuing endless statements and initiatives which are heeded increasingly seldom both in the West and in the Balkans.

Some of the recent Russian ideas for a Bosnian settlement may be regarded as a manifest failure. Talking with Russian journalists recently, a high-ranking diplomat representing in Moscow one of the countries in the contact group did not conceal his skeptical attitude toward President Yeltsin's proposal to gather around the negotiating table the leaders of the sides involved in the conflict in Bosnia who do not express such a wish.

Moscow's long-standing desire to secure the lifting or at least the easing of sanctions against Belgrade does not meet with support either. Convinced that, despite official

assurances, the Yugoslav leadership is continuing to give military aid to the Bosnian and Krajina Serbs, the West regards such a step as unjustified and premature.

The partners in the contact group are more interested in the attempts by Russian diplomats to find a pragmatically minded person in the Bosnian Serb leadership who is capable of reaching a compromise with the world community. In the opinion of IZVESTIYA's informed interlocutors, Moscow has been seeking for some time to gamble on General Ratko Mladic, commander of the army of the "Serb Republic," seeing him as (or, rather, hoping to make him) a counterweight to the "hawks" in the persons of Radovan Karadzic and Momcilo Krajisnik, chairman of the Bosnian Serb parliament. It is no coincidence that Russian official representatives (including Andrey Kozyrev) have recently met repeatedly with Mladic.

In this it has to be thought that Moscow is clearly following the recommendations of President Slobodan Milosevic of Serbia, who regards Karadzic as a dangerous political rival and is not averse to limiting his influence by playing the Mladic card. The gamble on the general is perfectly justified: In armed conflicts like that in Bosnia real power frequently passes from the political leadership to the army, and the final decision is made, as a rule, by the military. On the other hand, however, Mladic has not yet provided any special grounds for considering him a representative of the moderate wing. His recent threat to take Sarajevo before the end of the year attests, rather, to the opposite. The attempts to make this man into a "Serb 'Arafat'" will hardly be crowned with success.

As for Moscow's offer to send its peacekeepers to the Gorazde region, it seems to have caught the West unawares. If Russian "blue helmets" are deployed in the Muslim enclave, it will not be easy for NATO to venture upon the promised concentrated air strikes in the event of a Serb offensive: The risk of confrontation with the Kremlin is too great. These considerations, however, cannot be voiced aloud, and it will be very difficult for the West to find a formal pretext to reject the Russian initiative.

Meanwhile, the fiercest fighting on the Bosnian fronts is taking place in the west of the republic. Having scored major successes at the end of last week, the Croatian troops have suspended their offensive and gone over to position warfare. They are shelling the approaches to Knin — capital of the self-proclaimed Republic of Serbian Krajina. Meanwhile, the Bosnian Serbs are trying to come to terms with the loss of the cities of Glamoc and Bosansko Grahovo. For the first time since the start of the conflict the Serbs were forced to abandon

cities, the majority of whose population was made up of their compatriots.

Reinforcements are urgently being moved to western Bosnia from the republic's eastern regions. Gen. Mladic is predicting an imminent triumphant counteroffensive, promising that the Croats "will pay dearly for Glamoc and Grahovo."

Meanwhile, the Zagreb authorities have rejected the Krajina Serbs' offer of an armistice. "We will not allow them to gain time," Foreign Minister Mate Granic declared. The possibility that a large-scale offensive against Knin might begin within the next few days cannot be ruled out.

Kozyrev Arrives in Kuwait on Working Visit

LD0208074695 Moscow ITAR-TASS in English
0724 GMT 2 Aug 95

[By Viktor Lebedev and Viktor Khrekov]

[FBIS Transcribed Text] EL KUWAIT, August 2 (Itar-Tass) — Russian Foreign Minister Andrey Kozyrev today arrived for a one-day working visit to Kuwait.

Upon arrival, Minister Kozyrev said Moscow was ready to work in the interests of creating a collective security zone in the Gulf area in order to strengthen peace and stability in the region.

He stressed the "on-going, dynamic" development of Russo-Kuwaiti relations based on the basis of mutual confidence and trust.

Kuwaiti Foreign Minister Shaykh Sabah al-Ahmad who welcomed Kozyrev to El-Kuwait expressed gratitude to the Russian leadership for assistance in freeing the country from Iraqi occupation and the solution to the post-crisis settlement problems.

The Russian Minister has begun his working meetings with Kuwaiti officials in the residence of the Amir of Kuwait "Al-Bayan".

Urges Iraq To Comply With Resolutions

LD0208092595 Kuwait KUNA in Arabic
0603 GMT 2 Aug 95

[Quotation marks as received]

[FBIS Translated Text] Kuwait City, 2 Aug (KUNA) — Russian Foreign Minister Andrey Kozyrev said here today that Iraq's implementation of all international resolutions pertaining to its aggression on Kuwait was extremely vital for building and maintaining a security order in the region.

In statements made to reporters on his arrival in Kuwait on an official visit, Kozyrev said that "one of the main elements for the establishment of a security order in the region is Iraq's implementation of all UN resolutions" adopted after its invasion of the state of Kuwait on 2 August 1990.

Kozyrev expressed his country's readiness to continue making efforts "separately and in conjunction with the states of the region and with Kuwait with the aim of establishing a stable system of regional security, which would prevent the outbreak of future armed conflicts or wars in this region." He also expressed "Russia's readiness to work within the framework of the Security Council and the United Nations in order to achieve this objective."

The Russian official remarked that his visit to Kuwait coincided with the painful date of the fifth anniversary of the Iraqi invasion and said that "there are many efforts that we must make in order to reach solutions to the outstanding problems and matters that resulted from this invasion."

He added that "proceeding from the heroism and bravery of the Kuwaiti people and the decisive stand adopted by the international community we managed to put out the fire of the war for the liberation of Kuwait and restore the legitimacy that had been violated" by the Iraqi aggression. [passage indistinct]

He hailed the ties existing between the leaders of the two countries and said: "We in Russia and President Boris Yeltsin in particular value highly these ties and relations with Kuwait and its leaders, especially his highness the Amir, Shaykh Jabir al-Ahmad al-Sabah, and Shaykh Sabah al-Ahmad, the first deputy prime minister and foreign minister, and other leaders."

Shaykh Sabah, for his part, expressed his enormous gratitude and appreciation for Moscow's stand during the Iraqi occupation of Kuwait and for Russia's contribution to the war of liberation "particularly as we are marking the fifth anniversary of this occupation," which started in August 1990.

Shaykh Sabah also said he hoped "my colleague Kozyrev will convey to the Russian leadership this gratitude for its stand toward that occupation in the past, present, and future."

Further on Kozyrev Activities at ASEAN Forum Holds Talks With ROK Counterpart

LD0108151195 Moscow ITAR-TASS in English
1441 GMT 1 Aug 95

[FBIS Transcribed Text] BANDAR SERI BEGAWAN, August 1 (Itar-Tass) — Russian Foreign Minister

Andrey Kozyrev met his South Korean counterpart Kong No-myong in the capital of Brunei today.

Russian Foreign Ministry senior spokesman Grigoriy Karasin told Itar-Tass that "satisfaction with progress in the bilateral relations was expressed during the talk."

Kozyrev and Kong No-myung exchanged on the situation on the Korean peninsula and agreed that they had largely shared approaches to issues of security in the Asia-Pacific region, the subject of the Association of South East Asian Nations regional forum which is meeting here now. [sentence as received]

The South Korean minister informed Kozyrev about the results of the American-South Korean summit talks which were recently held in Washington.

Urges Conference on Korean Status

LD0108140395 Moscow ITAR-TASS in English
1338 GMT 1 Aug 95

[FBIS Transcribed Text] BANDAR SERI BEGAWAN, August 1 (Itar-Tass) — Russian Foreign Minister Andrey Kozyrev called for holding an international conference on the non-nuclear status of the Korean peninsula in his speech at the regional forum of the Association of South East Asian Nations in Brunei.

Kozyrev said the conference would be of great importance as the status issue is far broader than the problem of providing North Korea with nuclear reactors without military potential.

The resolution of the issue requires comprehensive handling, including the South Korean aspect of it.

Kozyrev said the agreement under which the United States is to supply light-water reactors to North Korea to make its nuclear programme safer should be implemented within the frame of the non-proliferation regime.

The agreement must be put into practice with guarantees and control by the International Atomic Energy Agency.

During the discussion at the forum, Kozyrev expressed deep regret over France's decision to resume nuclear tests.

He said the breach of the nuclear test moratorium adopted by the four nuclear powers would be of serious impact on the entire range of nuclear security issues.

As for the recent tension in American-Chinese relations, Kozyrev said "Russia has good relations with both Washington and Beijing, and we sincerely want these two states to overcome their current controversies."

Meets Australian, New Zealand Leaders

LD0108133995 Moscow ITAR-TASS in English
1333 GMT 1 Aug 95

[FBIS Transcribed Text] BANDAR SERI BEGAWAN, August 1 (Itar- Tass) — Russian Foreign Minister Andrey Kozyrev met his Australian and New Zealand counterparts Gareth Evans and Donald McKinnon, respectively, in Brunei on Tuesday, chief of the Information and Press Department of the Russian Foreign Ministry Grigoriy Karasin told Itar-Tass.

The ministers discussed a wide range of bilateral and international problems, Karasin said.

They paid special attention to problems of countries of the Asia-Pacific region reflected in the agenda of the current ASEAN security forum, he said.

The participants in the meetings pointed out the proximity of positions towards confidence-building measures in the region.

Kozyrev, Kono Set Schedule for Talks

LD0108132995 Moscow ITAR-TASS in English
1324 GMT 1 Aug 95

[FBIS Transcribed Text] BANDAR SERI BEGAWAN, August 1 (Itar- Tass) — Russian Foreign Minister Andrey Kozyrev and his Japanese counterpart Yohei Kono have approved the 1995 agenda of the Russian-Japanese political and economic dialogue, Russian Deputy Foreign Minister Aleksandr Panov told Itar-Tass on Tuesday.

Kozyrev and Kono attended the Association of South East Asian Nations regional forum here today.

Panov described the achievement of an agreement, according to which the Japanese foreign minister will visit Russia at the end of the year, as successful.

The date of the visit is to be specified by diplomatic channels.

The two sides agreed that Kono would visit Moscow not only as foreign minister, but also as chairman of the Japanese part of the inter-governmental commission for trade and economic cooperation.

The commission is due to hold its first meeting during Kono's visit.

Russia will be represented by First Deputy Prime Minister Oleg Soskovets.

In addition, Russian and Japanese deputy foreign ministers are expected to meet in Moscow on September 8 within the framework of the working group to prepare a Russian-Japanese peace agreement.

Furthermore, the third round of inter-governmental talks on fishing cooperation in the South Kuril region is scheduled for August 30-31.

Panov said the Japanese side had shown much interest in resuming the dialogue.

A Russian-Japanese seismological symposium is planned before the end of this year.

The importance of this symposium for both states was stated during Soskovets' visit to Japan in November 1994.

Kozyrev expressed the gratitude to Japan for its help to victims of the destructive earthquake in Sakhalin.

Political Issues

Yeltsin, Chernomyrdin Approve Chechnya Settlement

LD0108174395 Moscow INTERFAX in English
1548 GMT 1 Aug 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] The Russian president and prime minister have both approved actions by a government commission aimed at settling the Chechen crisis, presidential legal adviser Mikhail Krasnov told INTERFAX after a meeting between Premier Viktor Chernomyrdin and members of the Russian negotiating team late on Monday.

He said the prime minister wanted to know about the make up of a working group expected to sign a political agreement with Grozny and how long it would work. One other question discussed is a speedy appointment of the presidential envoy to Chechnya, which is the one of the main conditions of the military accord the two sides recently signed.

Krasnov said the envoy would act as one of the two guarantors and monitors of the military deal. The other one, as he sees it, will be the peace monitoring commission that Moscow was negotiating with.

The aide said the presidential envoy would be vested with sweeping powers little short of giving orders to rebel field commanders through Chechen military commander (Aslan Maskhadov - IF) who would sit on the monitoring commission. Krasnov said the envoy would also be in charge of federal troops to be left behind in Chechnya.

He said no correctives were made either to the position or actions of the federal commission.

Further on Court Decision on Chechen Operation

Court Chairman Comments

LD0108172095 Moscow INTERFAX in English
1539 GMT 1 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 1 (INTERFAX) — A Russian president has a right to enforce the law in the case of a rebellion in any part of the Russian Federation. This view of the majority of the Constitutional Court was reflected in its ruling in the so-called Chechen case, Court Chairman Vladimir Tumanov said at a news conference Tuesday [1 August].

The court ruled that one of the presidential decrees under which troops had been sent to Chechnya was quite constitutional and discontinued the hearing on the constitutionality of two other decrees.

"What we had in Chechnya was an attempt at winning independence in an illegal way under a general on horseback and so the state had a right to take adequate steps to maintain its unity," Tumanov said.

He emphasized that the justices admit that the decrees were poorly implemented but that this is irrelevant to the case.

Tumanov is convinced that the fighting in Chechnya could have been prevented if parliament had passed appropriate legislation, in particular on emergencies.

Tumanov emphasized that the court did not intend to influence public opinion by its ruling. "As justices we disregard the public resonance of our verdicts," he explained.

Meanwhile, Justice Viktor Luchin described as unconstitutional all the presidential decrees and government ordinances under which troops were sent to Chechnya. He said so in a talk with journalists explaining his dissent with the majority decision.

In Luchin's view, the presidential decrees and government ordinances resulted in the use of force with ensuing human rights violations and loss of life on a large scale. He said that "not a single article of the Constitution allows the use of armed forces in internal conflicts and all other arguments are not convincing in this case."

Justice Boris Yebzeyev, who also voiced dissent, believes that some justices preferred a linguistic interpretation of the decrees and ordinances over constitutional legal analysis.

Justice Nikolay Vitruk said that all the decrees and ordinances leading to hostilities in Chechnya were unconstitutional. In his view, the president and government took over Constitution-making powers while the Constitutional Court verdict "recognizes the concept of latent powers" that are acquired as the situation develops rather than formulated in the legislation.

Justice Valeriy Zorkin said that the court did not explain what really happened and so "was unable to answer whether the documents were constitutional or to make a ruling."

Court's 'Biased Attitude' Criticized

MM0108123095 Moscow KOMSOMOLSKAYA
PRAVDA in Russian 1 Aug 95 p 1

[Article by State Duma Deputy Yuriy Kalmykov: "Russian Justice Has Not Snubbed President"]

[FBIS Translated Text] The hopes that society had pinned on the Constitutional Court as an organ able to perform the functions assigned to it solely from the

standpoint of the law have been shaken after its first serious test — the "Chechnya case." It is hardly fair to rebuke the entire court, but the fact that its chairman and certain justices preferred a one-sided approach from the very outset was obvious to any unbiased observer.

The Constitutional Court chairman's biased attitude toward the parliamentary side was visible in a number of areas. V. Tumanov would at one time say that the delay in examining the "Chechnya case" was due to the deputies themselves, then would claim that the plaintiffs had prepared badly for arguing their case. And there was not a single comment about the defendants.

So should we be surprised by the Constitutional Court's final verdict on the "Chechnya case" or by the fact that it was based not on the legal requirement to resolve "exclusively matters of law" but on the idea of political expediency? Exactly what the presidential side was insisting on.

We have gradually grown used to "decisions of Solomon" being handed down on the basis that both sides were at fault. But is that what is expected by people who have been told they are living in a rule-of-law state?

Now let us ask why the Constitutional Court chairman and certain justices were one-sided when it came to this case. To my mind, there were two reasons.

The first was that the Constitutional Court chairman and certain justices, having close ties to presidential structures, were hardly capable of escaping their influence. Neither the deaths of raw recruits, nor the tears of soldiers' mothers, nor the suffering of civilians who had lost relatives, nor the destroyed homes and population centers, nor the tens of thousands of refugees seem to have been able to break this rock-solid unity.

The second reason is perhaps even more serious — the fact that the system of material and financial support for all branches of power, including the Constitutional Court, is in the hands of the Russian Federation President's Administration of Affairs. Yet the law on the Constitutional Court clearly states that the federal budget shall make provision for funds for the Constitutional Court in a separate line-item and that the Court shall have independent control of those funds. What has the Administration of Affairs got to do with it? But you cannot get an apartment, a dacha, a car, any foreign travel, or other perks and concessions without it. If you behave yourself you will want for nothing, but if you are uppity and independent you'll be short-changed.

The idea of concentrating material and financial funds in just one set of hands was the brilliant innovation of today's courtiers. This is now the most effective way

for the "main authorities" to influence the behavior of other branches of power and to combat dissidence and disobedience. What did we fight for?

Court Judgment on Documents Viewed

MM0108120895 Moscow PRAVDA in Russian
1 Aug 95 p 1

[Article by Viktor Trushkov: "Judges Put on Their Black Gowns.... Constitutional Court Ruling Published"]

[FBIS Translated Text] Exactly three weeks have passed since the Constitutional Court began hearings relating to the lawsuit by deputies of both chambers of the Federal Assembly, which cast doubt on the constitutionality of three Russian Federation presidential edicts and a government decree devoted to Chechnya. These documents are united by one thing — they fired the opening shot in the present tragedy in the Caucasus. I will remind you that the key document among them — the 30 November 1994 edict "On Measures To Restore Constitutional Legality and Law and Order in the Chechen Republic" — was issued stamped "secret." But, under the Russian Federation Constitution, unpublished documents are not liable to be implemented. Deputies also drew attention to many other aspects of these edicts which, in their opinion, do not accord with Russia's Fundamental Law.

The situation in Chechnya has changed in a major fashion while the hearing has been in progress. In particular, the sides involved in the conflict have signed an agreement on military questions. Evil tongues maintain that this was the agreement that the Constitutional Court was waiting for.

Now the Constitutional Court's decision is public. It sets forth in detail the reasons for the deputies' suit and describes in detail the documents whose constitutionality was in doubt. It concludes with a decretive section which convincingly attests that the Federal Assembly was hoping in vain that its petition would be satisfied. Judge for yourselves.

The court terminated the proceedings with regard to verifying the constitutionality of the two presidential edicts and ruled the third edict constitutional.

It declared unconstitutional only those provisions of the Russian Federation Government 9 December 1994 Decree "On Ensuring the Russian Federation's State Security and Territorial Integrity, Legality, and Citizens' Rights and Freedoms and on Disarming Illegal Armed Formations on the Territory of the Chechen Republic and in Adjacent Regions of the North Caucasus," which provided for the expulsion from Chechnya of persons "posing a threat to public security" and for

the deaccreditation of "journalists working in the armed conflict zone."

The president used to have his "own" prosecutor. So has the zone of his "own" people now expanded? In the case under examination three Constitutional Court judges dissented, and five others voiced disagreement with certain provisions of the decision now published..

Yeltsin Signs Edict on Presidential Staff

MM0108133295 Moscow ROSSIYSKAYA GAZETA
in Russian 1 Aug 95 p 4

[Russian Presidential Edict No. 773 "On the Russian Federation Presidential Staff," signed by President Yeltsin in Moscow on 28 July]

[FBIS Translated Text] For the purpose of ensuring the coordinated functioning of state organs whose leadership is exercised directly by the President of the Russian Federation, I decree:

1. That it be established that state organs whose leadership is exercised directly by the president of the Russian Federation may belong to the Russian Federation Presidential Staff in addition to those subdivisions and agencies which support the President of the Russian Federation's activity.

2. That it be established that the Russian Federation President's chief of staff exercise the day-to-day leadership of subdivisions and organs supporting the activity of the Russian Federation President and also the coordination of the activity of state organs belonging to the Russian Federation Presidential Staff, unless otherwise laid down by the Russian Federation President.

3. That the Russian Federation Presidential Security Service be considered a state organ within the Russian Federation Presidential Staff and an organ of day-to-day management in the system of federal organs of state protection.

Servicemen and civilian personnel of the Russian Federation Presidential Security Service may perform military service (work) in their present posts without recertification and reclassification.

4. That it be established that the Russian Federation President's chief of staff shall not exercise the day-to-day leadership of the Russian Federation Presidential Security Service.

The Russian Federation Presidential Security Service shall interact autonomously with subdivisions and organs belonging to the Russian Federation Presidential Staff.

5. That the chief of the Russian Federation Presidential Security Service shall submit proposals within one month on amendments and additions to the Statute on the Russian Federation Presidential Security Service.

6. That the Russian Federation President's chief of staff shall submit proposals within one month designed to make the Statute on the Russian Federation Presidential Staff accord with the Russian Federation Constitution and this Edict.

7. This Edict shall enter into force from the day of its signing.

[Signed] Boris Yeltsin, president of the Russian Federation

[Dated] 28 July, the Kremlin, Moscow, Edict No. 773

Yeltsin Signs Edict on Protection Directorate

MM0108140895 Moscow ROSSIYSKAYA GAZETA
in Russian 1 Aug 95 p 4

[Russian President's Edict No. 774 "On the Russian Federation Main Protection Directorate" signed by President Yeltsin in Moscow on 28 July]

[FBIS Translated Text] For the purpose of ensuring the coordinated functioning of the Russian Federation Main Protection Directorate within the system of federal organs of state protection, I decree:

1. That in the Russian Federation Main Protection Directorate:

—the post of chief of the Russian Federation Main Protection Directorate-commandant of the Moscow Kremlin be abolished;

—the post of chief of the Russian Federation Main Protection Directorate and the post of deputy chief of the Russian Federation Main Protection Directorate-commandant of the Moscow Kremlin be instituted.

2. That it be established that:

—the Russian Federation Main Protection Directorate is an object of day to day management of the Russian Federation President's Security Service;

—that the chief of the Russian Federation Main Protection Directorate and the deputy chief of the Russian Federation Main Protection Directorate-commandant of the Moscow Kremlin be appointed and dismissed by the president of the Russian Federation;

—that servicemen and civilian personnel of the Russian Federation Main Protection Directorate be regarded as performing military service (work) in their posts without recertification or reclassification.

3. That the chief of the Russian Federation Main Protection Directorate shall within one month submit for approval changes and additions to the Statute on the Russian Federation Main Protection Directorate which are to be coordinated with the chief of the Russian Federation President's Security Service.

4. This Edict shall go into force from the day of its signing.

[Signed] Boris Yeltsin, president of the Russian Federation

[Dated] 28 July, the Kremlin, Moscow, Edict No. 774

Yeltsin Edicts on SBP, GUO Reorganizations Viewed

Filatov Comments on Moves

MK0108123895 Moscow SEGODNYA in Russian 1 Aug 95 p 2

[Report by Yelena Tregubova: "Main Protection Directorate and Security Service Become Subordinated to Presidential Administration. Sergey Filatov: 'Main Objective of This Merger Is To Unite Budgets'"]

[FBIS Translated Text] President Yeltsin has issued an edict subordinating the Main Protection Directorate [GUO], which was until recently headed by Mikhail Barsukov, to the Presidential Security Service [SBP] (Aleksandr Korzhakov's department). In its turn, the Presidential Security Service is being made part of the presidential administration under the same edict. The edict specifies, however, that the presidential chief of staff "does not carry out day-to-day control over the Presidential Security Service." All personnel decisions inside the SBP will be made by the president in person.

Some structural changes and personnel appointments have been made inside the GUO, which is now an SBP subdivision. The functions of commandant of the Kremlin are now performed by the GUO deputy head rather than its head. Mikhail Barsukov's first deputy, Yuriy Krapivin, has been appointed the GUO's new chief and, therefore, has moved up in rank (to that of lieutenant general). His first deputies are now Valeriy Nikitin, Anatoliy Protsenko, and Sergey Strygin, who has simultaneously been appointed commandant of the Kremlin.

Such a reorganization was assessed by the human rights commission, dissolved yesterday, as "an attempt to subordinate power structures to the presidential administration."

Rather contradictory rumors were circulating among journalists yesterday. According to one version, the Se-

curity Service was made part of the presidential administration due to "the president's desire to put Aleksandr Korzhakov under greater control," and this "reflects a certain strengthening of Sergey Filatov's positions." According to another version, on the contrary, the new power conglomerate "has not been designed for the leadership of today's head of the president's staff, Filatov (allegedly threatened with dismissal), but for Aleksandr Korzhakov.

However, Sergey Filatov stated to your SEGODNYA correspondent yesterday that he "does not even want to waste energy on denying yet another spate of rumors about his resignation." As he asserted, the crux of the GUO and SBP reorganization consists "primarily in uniting their budgets." Mr. Filatov explained that "it makes sense to have a single amalgamated subdivision written into the federal budget in one line."

The president's chief of staff stated that the structure created by the edict "in fact" had existed in the past. Here Sergey Filatov asked "not to attribute to the presidential administration any special role," stressing that "it is not substantive by itself." The administration, as its chief said, "is only a mechanism in the president's hands, not an independent agency."

At the same time, Sergey Filatov admitted that he does "not quite understand" the structure of the subdivisions that will appear in the presidential administration under the edict. The presidential chief of staff said he formed a special group yesterday to find this out.

Edicts Said Strengthening SBP

MM0108122495 Moscow KOMSOMOLSKAYA PRAVDA in Russian 1 Aug 95 p 2

[Report by Vladimir Zaynetdinov: "Korzhakov Growing All The Time. Over Himself"]

[FBIS Translated Text] Russian President Boris Yeltsin has strengthened yet again the positions of his most loyal special service — the Presidential Security Service (SBP). At least that is how informed sources in the Federal Security Service [FSB] and the Staff itself are interpreting the presidential edict modestly entitled "On the Russian Federation Presidential Staff."

Henceforth the SBP will be a structural part of the Presidential Staff, but it will not be operationally subordinate to its leader. In other words, the SBP will continue to be run by its boss, Aleksandr Korzhakov, who was promoted to lieutenant general by a subsequent edict. The Russian Federation Main Protection Directorate (GUO) becomes an independent part of the SBP.

As Independent Television's "Itogi" reported, nobody at the apparatus of National Security Adviser Yuriy

Baturin — who is in charge of all the special services — or the Presidential Staff itself had heard anything about these edicts. Premier Viktor Chernomyrdin learned about them while on an official visit to Tashkent.

Informed Kremlin sources believe with a great degree of certainty that what has happened is nothing more than an attack by presidential structures on government structures in connection with the recent notable strengthening in political terms of Prime Minister Viktor Chernomyrdin's position. We can conclude that the head of state can now fully rely only on his own special services — the SBP and the GUO. The Russian FSB is totally confused about the innovations — just what is it supposed to be doing?

Edicts Seen Contradicting Constitution

MK0208085895 Moscow MOSKOVSKIY
KOMSOMOLETS in Russian 1 Aug 95 pp 1-2

[Report by Vladimir Kartashkov: "By Hook or By Crook, General Korzhakov Came to Power"]

[FBIS Translated Text] Boris Yeltsin's edicts on reforming the presidential administration, which were made public Saturday [29 July], have only an indirect bearing on Sergey Filatov's office. The documents are primarily oriented at reorganizing anew the system of the Russian special services.

Most importantly, the new document in theory contradicts the constitution, which was passed a little less than a year ago [as published]. The fundamental law of the Russian Federation does not contain the term "state agencies." What it does refer to are state agencies of the executive, legislative, and judicial branches of power. It is unclear to which of them the Presidential Security Service [SBP] may belong. The problem is that the presidential administration itself is not a state agency of the executive branch either. This is just a working staff that aids Boris Yeltsin in his activities. How can a state agency be ~~some~~ a structural unit of a nonstate agency?

As a matter of fact, there is a unit that has fairly long been operating within the structure of Sergey Filatov's agency without being directly subordinated to him, namely, the Special Programs Directorate under Lieutenant General Frolov. The directorate was included in the structure of the presidential administration during the first across-the-board dissolution of the USSR KGB.

At the time, no one had any idea as to what to do with the KGB's former 15th Main Directorate, the one in charge of the underground buildings which are to ensure the survival and activity of the country's leadership in case of a nuclear war or a natural or man-made disaster. Officers of the Main Directorate have always

been known in the security service as "children of the underground" [after Russian novelist Korolenko's short story]. The 15th Main Directorate was rescued thanks to Frolov's closeness to Ilyushin, the first presidential aide — their families have been on friendly terms for many years. The "children of the underground" were included in the presidential administration, and the question of who their supervisor will be was left hanging: They may be presumed to be subordinate to the chief of staff, or the first presidential aide, or, maybe, the president himself — the chain of command is unclear.

The SBP could not be treated this way. There was no point in including it in the presidential administration without any extra powers. So an attempt was made to structure the administration and the entire system of executive agencies in a new fashion. The system, however, is too clumsy.

Predictably, the edict did not undergo any legal appraisal in any unit of the presidential administration or the apparatus of presidential aides. For this reason its lapses are innumerable. The document's too pompous whereases point to the authorship of the SBP itself. Yet more proof of this is the desire to grab as many mandatory functions as possible and the broad interpretation of legislative concepts. It will be extremely strange for the SBP head to exercise operational supervision over all matters relating to "state protection."

The thing is that in virtually all the laws under which the Russian special services operate, one of the key terms is state protection. It is included in the laws on the Federal Security Service, on the Federal Border Service, on the Foreign Intelligence Service, on the Federal Government Communications and Information Agency, and even in the law on defense. Thus, Lieutenant General Korzhakov, whose department, as a matter of fact, is not provided for in any law and functions on the basis of its internal regulations, classified from the outset, is entitled to give orders to virtually all Russian power agencies.

Thus, an attempt has been made to bunch together all officers of the special services on the eve of parliamentary and presidential elections. The SBP is, quite possibly, not going to give orders to the Lubyanka or other agencies for the time being. But in the end they will realize that an attempt to drag them into the government has succeeded. It is then that tussles will begin. Relations between the Main Protection Directorate [GUO] and the SBP will grow extremely tense in the very near future; for the GUO is only in charge of "state protection," so now a big question mark is looming over its existence as a main directorate.

It should be recalled that the Security Service came into being in 1993 by branching out from the GUO. At the time, none of the GUO staffers could understand why Korzhakov needed his own special service and how they would divide their functions. Now everything has become clear. Both the GUO, which has been existing under the law, and the counterintelligence service, which has only recently been legalized, have been brought under the control of an agency whose existence is legally flawed.

New 'Redivision' of Power Seen

MM0208122795 Moscow PRAVDA in Russian

2 Aug 95 pp 1, 2

[Article by Viktor Trushkov: "Redivision of Power, Kremlin-Style. Following Two 'Modest' Edicts, Two Governments Could Emerge in the Country"]

[FBIS Translated Text] Two processes, very much interconnected, but moving in opposite directions, have begun in Russia. There is a general fuss being made about one of them — the upcoming elections, which are supposed to demonstrate the democratic nature of the post-August state. The other is taking place on the quiet, only breaking through to the public from time to time. It came to the surface again yesterday. The official press published two routine presidential edicts with the modest names — "On the Russian Federation Presidential Staff" and "On the Russian Federation Main Protection Directorate." These edicts mark the start of three phases in a new redivision of state power by the Kremlin.

The first phase — the immediate one: The Russian Federation Presidential Security Service is declared a state organ. The Russian Federation Main Protection Directorate is placed under its control. It is being said that this step has been taken for the sake of expanding the power of A. Korzhakov, who has rushed up the ladder from major in the Ninth Directorate to lieutenant general in the four years since the August events. No doubt. But that is just the visible tip of the iceberg. What is far more important is that a power monster is being created, involving not just Kremlin security but also the corresponding services in the regions, as well as army-type armed structures. It is now difficult to say who is the successor to the KGB — whether it is the Russian Federation Federal Security Service [FSB] (with its head in the government), or the Russian Federation Presidential Security Service, which is directly subordinate to the Kremlin "boss." Most probably the latter.

The second phase — the near future: Edict No. 773, devoted to the Presidential Staff, enshrines reforms of

a radical nature. Although everything sounds utterly modest: "It is laid down that the Russian Federation Presidential Staff may include, side by side with sub-departments and organs providing for the activity of the Russian Federation president, organs whose chief is the Russian Federation president directly." This, translated from affected officialese, means that the Ministry of Defense, the Ministry of Internal Affairs, the Federal Security Service, the Foreign Ministry, and some others on a smaller scale could find themselves part of the Presidential Staff, whose leadership is not accountable either to the parliament or the government.

In other words, two governments will emerge in this phase. One, headed by the premier, will pretend to be running the economy in some way. The other will get an iron grip on all policy. At the moment this possibility, enshrined in the edict, has yet to become a reality. But by the fall it will become clear whether such a prospect is close at hand. After the recess, incumbent Chief of Staff S. Filatov will be developing a new cabinet outside the Kremlin. He is not hankering after the role of the president's deputy for the power structures. If he is replaced by someone good at the trade in question (for example O. Lobov or even V. Ilyushin, although other candidates right out of the power structures are also possibilities), then the administration will be "reinforced" before the elections. If someone like Shumeiko is temporarily appointed, that will mean that the organization is being postponed and is dependent on the results of the Duma elections.

Third phase — the strategic phase: This was announced by presidential aide G. Satarov, who either blurted it out or was deliberately preparing public opinion. If left-wing forces win the elections, and the right-wingers see this as a threat to their reforms (read: the capitalistization of Russia), then they will prevent that development of events. There was also a reference to the tragedies apparently caused by the coming to power by typical democratic means of supporters of socialism in Spain and Chile. In other words, if the left-wing forces win the Duma elections, the current masters are prepared to align themselves with Franco and Pinochet.

The first and second phases are simply a preparation for the third. In other words, Edicts Nos. 773 and 774 mean that the trigger on the starting pistol has been pulled.

If that is the case — and there is no basis for any other interpretation — then all communists, agrarians, socialists, all patriots concerned for the fatherland's future must draw some conclusions. You can only stop dictatorship through the unity of the people. This will also help us to victory won in the parliamentary

elections and become a bastion of people's power which no one will dare to attack.

Security Chief Seen as Beneficiary

MM0108113295 *Moscow IZVESTIYA in Russian*
1 Aug 95 p 1

[Article by Irina Savvateyeva: "Division of Spheres of Influence in Leadership by Power Structures Completed"]

[FBIS Translated Text] The other day Boris Yeltsin signed a number of edicts formalizing the final division of spheres of influence in the leadership of the power structures — a division initiated by the events in Budennovsk and the subsequent government and parliamentary crisis.

Remember that during this division the teams controlling the Defense Ministry and Internal Affairs Ministry by and large maintained their independent positions. Whereas the Federal Security Service [FSB] was finally drawn into the sphere of influence of the president's entourage following the appointment of M. Barsukov as FSB chief.

So Yuriy Krapivin, a veteran of the "nine," [reference unknown] Barsukov's former first deputy and his close friend, was appointed by presidential edict to the post of chief of the Russian Federation Main Protection Directorate [GUO], vacated by Barsukov. Krapivin's three deputies were also appointed. One of them — Sergey Strygin — was commandant of the Moscow Kremlin. Note that hitherto the GUO chief has automatically been Kremlin commandant as well.

Moreover, there was a significant metamorphosis involving the GUO itself. Formally it is part of the Presidential Staff, not as a separate component but "as a state organ" (that is to say, an independent corporate body), directly accountable to the president. It is specially emphasized also that the chief of staff is not in operational charge of GUO activities. This function has passed to the chief of the Security Service. That is, to Mr. Korzhakov, who, incidentally, has been made up to lieutenant general from major general.

So General Korzhakov's informal role as one of the leading figures in the executive power system has now been partially legalized. Now he is now overseeing the Russian GUO not only "out of friendship," but officially. Moreover, he is insured against the GUO leader's becoming too strong, because the latter's actual power has been effectively halved as a result of the transfer of the Kremlin commandant's functions to someone else. When you consider also the extent of Korzhakov's influence on the FSB, recently taken over by his protege,

Barsukov, it can be said that the Chechnya-Budennovsk crisis has made General Korzhakov the most influential figure in the Russian power structures.

New Lubyanka Chief Barsukov Profiled

MM0108112195 *Moscow ROSSIYSKAYA GAZETA in Russian* 1 Aug 95 p 3

[Article by Aleksandr Nadzharov: "Our Man in the Lubyanka"]

[FBIS Translated Text] Colonel General Mikhail Barsukov's appointment as the sixth (in the last four years) chief of what was the KGB and is now the Federal Security Service [FSB] has been taken quite calmly in Russia.

Without having time to run around commercial and even criminal structures the bulk of FSB personnel take the same view, blaming at the same time not Russia's emergent democracy but the President, whose "noxious entourage" will not allow him to pick a decent man from their devoted ranks. Yeltsin seems unable to forget the provocations which the omnipotent KGB chief Vladimir Kryuchkov — who organized and inspired the anti-Gorbachev putsch in 1991 — carried out against him on several occasions. That is probably why the way to the largest office at the Lubyanka has hitherto only been open to figures known to be temporary fixtures — Vadim Bakatin and Nikolay Golushko — or to "his people" — Viktor Barannikov, who died the week before last, and Sergey Stepashin. "His people" have also let Yeltsin down: I will not speak ill of the dead Barannikov but Stepashin made a mess of all the preparations for the operation against Chechnya's separatists.

To all appearances it was probably at this point that the image of the leader of the protection department, who has not hitherto made a mess of a single job that he has undertaken, occurred to the Russian president. That was why his candidacy, while not meeting with any organized opposition within the corridors of power, nevertheless scared many people. After all, as Russian Presidential Chief of Staff Sergey Filatov said during a conversation with a RIA NOVOSTI observer, it was Mikhail Barsukov along with his bosom buddy and former subordinate Aleksandr Korzhakov, now chief of the president's personal security service, who organized the bugging of all Kremlin telephones a few months ago. With regard to this presidential order Filatov stressed that this happened following countless articles in the Russian press about corruption in the top echelons of power.

What of the democracy in which people in Moscow now take such pride? That has nothing to do with it, Kremlin

guards say. It is just that the special services are paid to use special methods in their work.

At any rate, Mikhail Barsukov became extremely well-informed while engaged in "hovering" over the telephone and directing highly informed secret officer subunits subordinate to himself alone, which will hardly please some Kremlin inmates. The new FSB director's knowledge may come in handy for the Russian head of state not only in the interests of strengthening the law but also ahead of the parliamentary and presidential elections.

What is the man like whom Yeltsin has summoned to enter the service that is obliged to ensure not only his personal but also the state's security? He is a burly 48-year old man, 1.81 meters tall, energetic, intelligent, and serious. Does he have a sense of humor? Undoubtedly he does. People in Russia remember Barsukov removing former Russian Vice President Aleksandr Rutskoy from the political Olympus with literally one phrase during a television program deriding his strange desire to settle scores with the president's guard.

Does he have any hobbies? People in the art world particularly respect him. Under Barsukov and on his initiative the Moscow Kremlin has begun and is continuing to regain its original historical appearance, which has been literally disfigured by the accretions of Stalinist architecture. Inter alia, during this work the medal rooms with their rich decorations produced by the czar's architects, which at one time were the featureless dark scene of USSR Supreme Soviet sessions, are undergoing restoration.

As for his main job — protecting the Russian leadership — Barsukov has achieved so much here that... virtually nothing is known about it. Secret service specialists assure us that this is the first sign of high-quality work. Nevertheless I managed to find out something about it. In particular Gen. Barsukov has report on several attempts on the life of the Russian head of state. For instance, a terrorist act was prepared in 1993 in India, to which Boris Yeltsin was heading on an official visit, but a special group under the general's jurisdiction managed to prevent it. Later a similar terrorist act was planned in one of the former CIS [as published] Caucasus republics but was nipped in the bud by officers of the Main Protection Directorate.

In 1993 the president's personal security service of 1,500 officers broke away from this subunit. A few days ago after Mikhail Barsukov left to join the FSB both secret service subunits were reunited under the leadership of Lieutenant General Aleksandr Korzhakov, chief of the presidential personal security service — the friend and former subordinate of the new FSB director.

Like the FSB these special units also have, in addition to what are purely strong-arm structures, an analysis group, a counterintelligence service, a presidential regiment with an honor guard company, a band, a garage, a group of art experts, restoration and construction personnel, countless household services, and a press service. The few leaks that have filtered through to the press (unless, of course, they were organized specially) only mentioned three things: first, the average number of attempts on Yeltsin's life, which were generally organized by crazy nationalists — since early 1992 there have been over a dozen — second, all manner of shysters, one of whom contrived to receive a posting signed by Presidential Chief of Staff Sergey Filatov, and, lastly, protection structures' interference in the adoption of state decisions. Thus, late last year one popular newspaper condemned Kremlin guards for warning Russian Prime Minister Viktor Chernomyrdin of the danger of transnational oil corporations appearing on the domestic market.

If Gen. Barsukov had anything to do with this, as everyone who knows him is convinced, such actions have no bearing on his political convictions. Moreover, the new director of the Russian FSB has always distanced himself fairly abruptly from any political activity, stressing that common sense is his credo in politics and life. That may have been why in August 1991 during the putsch organized by the most conservative section of the outgoing regime, he and his then immediate boss — Kremlin Commandant Gennadiy Bashkin — were among the few people in the leadership structures of what was then Kryuchkov's USSR KGB not to support the plotters.

Mikhail Barsukov once again proved his commitment to the course espoused by Boris Yeltsin's group in October 1993 when he personally took part in the fighting outside the Russian White House and in arresting the new conspirators trying to seize power in the country.

Nonetheless, despite the fact that Gen. Barsukov has never sullied himself by taking part in a variety of political games of late or by taking part in dubious commercial operations, his appointment as leader of the whole country's security service has caused some concern among certain Moscow political scientists and experts. Their misgivings are based on two factors: As the strongest of all the Russian special service leaders in the last 10 years Mikhail Barsukov may, they believe, revive the former might of the memorable KGB. Furthermore, the general has spent his entire life guarding the rights and privileges of the state's top leaders but not the rights and independence of individual citizens and commercial entities.

Outwardly there are some grounds for this suspicion: Recently in line with the Russian parliament's Law on the Federal Security Service the investigation directorate and the subunit responsible for so-called special operations were returned to the FSB. However, the well-known democratic lawyer Viktor Olshanskiy believes that there are no grounds for concern now. Unlike the days of the USSR KGB Russia now has fairly weighty parliamentary controls along with a free press, radio, and television. What is more, he believes that there has been a dramatic increase in the number of independent law-enforcement organs and the legal profession is becoming stronger.

Add to this the fact that the democratically-elected president has confidence in Barsukov and, of course, the personal probity of the new FSB director, which, according to analysts, incidentally, bodes no good for rampant Russian crime.

Diplomatic Service's 'Destructive Trends' Criticized
LD0108183895 Moscow INTERFAX in English
1554 GMT 1 Aug 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 1 (INTERFAX) — As INTERFAX learned from reliable sources in Russia's Foreign Ministry on Tuesday, extremely concerned about its material and financial situation, the ministry's leadership complained to the president and prime minister again that its central staff and its institutions abroad are chronically underfunded.

As the sources said, in its letter the Foreign Ministry points out with concern that "the destructive trends in Russia's diplomatic service are becoming overwhelming and irreversible, and a decision should be taken on the highest level to overcome them."

"The Foreign Ministry's repeated appeals to the government and to the Federal Assembly in this connection yielded no tangible results," a source said.

In its letter to the Russian leadership the Foreign Ministry says that "the present level of material, technical and financial supplies to the diplomatic service creates a real threat to the country's security."

The message points to the lack of funds needed to maintain the Foreign Ministry building in appropriate shape and provide technical equipment for it, and to the enormous debts it owes for electricity, security, and the like.

"The low level of material supplies for Russian embassies has a negative impact on Russia's image abroad

and on the normal work of Russian missions," the document stresses.

The letter cites data testifying to the "humiliatingly low wages" paid to members of the central staff and to those who work in Russia's missions abroad.

"For instance, the salaries of diplomats working in Moscow pose one-third of the wages received by the Finance Ministry staff, while a skilled stenographer with the command of a foreign language gets only 160,000 rubles a month," the letter says. "As for the wages of embassy staff, they present only one-eighth or one-tenth of what Western diplomats get."

"And here are the results: in the past three years more than one-fourth of diplomats left the Foreign Ministry; there is an acute shortage of specialists in the most important directions of diplomatic activity," the letter says.

Head of Foreign Ministry Review Commission Named

MM0208101095 Moscow ROSSIYSKAYA GAZETA
in Russian 2 Aug 95 p 1

["Own Information" report: "V.N. Ignatenko Heads Commission on Foreign Ministry"]

[FBIS Translated Text] The Russian Federation Government intends to seriously examine the state's foreign policy and, in particular, the way it is being implemented by the Foreign Ministry. The issue of enhancing the efficiency of the Foreign Ministry's work will be worked on by a representative commission headed by V. Ignatenko, who was recently appointed a deputy premier.

The commission also includes D. Ryurikov, aide to the Russian Federation president; Foreign Minister A. Kozyrev; V. Serov, minister for cooperation with the CIS states; A. Kokoshin, first deputy defense minister, and other high-ranking leaders of Russian Federation services and departments.

The commission has been given two months to work on this question.

Yeltsin Said To Spurn Bank Bill To Spite Duma

MK0108125095 Moscow SEGODNYA in Russian
1 Aug 95 p 1

[Report by Mikhail Lantsman: "Boris Yeltsin Turns Down Bill on Changes in Banking Activity"]

[FBIS Translated Text] Russian President Boris Yeltsin has vetoed the bill "On Making Amendments and Additions to the Law 'On Banks and Banking Activity

in the RSFSR," approved by the State Duma and the Federation Council. Judging by the report issued by the presidential press service yesterday, Boris Yeltsin was not satisfied with the bill's provisions relating to the regulation of banking activity by government agencies. In particular, a presidential letter addressed to State Duma Chairman Ivan Rybkin said that the bill "limits presidential powers and governmental jurisdiction in pursuing a single financial and monetary policy." The president also pointed out that certain provisions of the bill run counter to the Civil Code. Boris Yeltsin suggested that the lawmakers broaden the legislative framework of the law on banking activity, which, in his view, should also be regulated by presidential and governmental statutory acts.

It should be noted that the new version of the law on banking activity was passed by the State Duma on 7 July. On 19 July, however, the Duma rejected for the second time the candidacy of Tatyana Paramonova, presidential nominee for the post of Central Bank chairperson. To all appearances, the president has thus reacted to the lawmakers' lengthy obstinacy.

Amendments to Edicts on Computerization Policy

MM0108144195 Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 4

[Russian President's edict No. 764 "On Amendments and Additions to the Russian Federation President's Edict No. 170 of 20 January 1994 'On the Bases of State Policy in the Sphere of Computerization' and the Russian Federation President's Edict No. 328 of 17 February 1994 on 'Questions of the Activity of the Russian Federation President's Committee on Computerization Policy'" signed by President Yeltsin in Moscow on 26 July]

[FBIS Translated Text] In connection with the adoption of the Federal Law "On Information, Computerization, and Information Protection" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, No. 8, p 609), I decree:

1. That Subparagraphs 2, 3, 4, 6, 7, and 8 of Paragraph 1 of the Russian Federation President's edict no. 170 of 20 January 1994 "On the Bases of State Policy in the Sphere of Computerization" (SOBRANIYE AKTOV PREZIDENTA I PRAVITELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 4, p 305) be deleted.

2. That Subparagraphs 31 and 32 be added to Paragraph 4 of the Statute on the Russian Federation President's Committee on Computerization Policy as ratified by the Russian Federation President's edict No. 328 of 17 February 1994 "Questions of the Activity of the Russian Federation President's Committee on Com-

puterization Policy" (SOBRANIYE AKTOV PREZIDENTA I PRAVITELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 8, p 589) to read as follows:

"establishes jointly with the state statistical organs the rules of accounting and analysis of the state of the sector of economic activity whose development is defined by the state scientific-technical and industrial policy of computerization;

"organizes the registration of all information resources and information systems and the publication of information on them so as to ensure citizens' rights of access to information."

[Signed] Boris Yeltsin, president of the Russian Federation

[Dated] 26 July, the Kremlin, Moscow, Edict No. 764

Privatization of Foreign Commerce Agency Approved

MM0108150195 Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 p 4

[Russian Government Directive No. 1019-R signed by Prime Minister Chernomyrdin in Moscow on 24 July]

[FBIS Translated Text] 1. The proposal of the Russian State Committee for the Management of State Property coordinated with the Russian Federation Ministry of Foreign Economic Relations and the labor collective of the state foreign economic association "Rossiyskoye kommercheskoye agentstvo" ["Russian Commerce Agency"] on that association's privatization and conversion into the "Vneshekonomiceskoye obyedineniye 'Rossiyskoye kommercheskoye agentstvo'" ["Foreign Economic Association 'Russian Commerce Agency'"] open-type joint-stock company is to be adopted.

2. The Russian Federation State Committee for the Management of State Property is to carry out the privatization of the foreign economic association "Rossiyskoye kommercheskoye agentstvo" in accordance with Russian Federation legislation.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government

Commission Forbids Illegal Early Electioneering

MM0208102795 Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 1

[Statement by the Russian Federation Central Electoral Commission: "Not Time to Campaign Yet. Statement By Russian Federation Central Electoral Commission"]

[FBIS Translated Text] Representatives of a number of public associations have recently started their election

campaigning. Both those broadcasting and those who have given them the airtime are in direct breach of federal legislation on elections, under which election campaigning begins on the day that candidate deputies and lists of candidate deputies are registered.

In this connection the Russian Federation Central Electoral Commission calls on representatives of public associations, leaders of parties and movements, and other politicians to refrain from using the mass media for election campaigning prior to the registration of candidates and lists of candidates, and not to pressure officials at state television and radio companies or other mass media to that end.

The Russian Federation Central Electoral Commission draws the attention of leaders of state television and radio companies and other mass media to the impermissibility of granting airtime or space in the periodical press to any politicians, irrespective of their position or political views, for election campaigning before the deadline laid down by federal legislation. It is necessary to ensure equal conditions for candidates, electoral associations, and electoral blocs to conduct their election campaigning irrespective of their status, political weight, and prestige — as stipulated by Chapter VIII of the federal law "On the Election of Russian Federation Federal Assembly State Duma Deputies."

We would also recall that federal legislation makes provision for liability for campaigning when prohibited, and for breaching the conditions governing election campaigning through the mass media.

The Russian Federation Central Electoral Commission calls on all participants in the electoral process to unswervingly follow the spirit and the letter of the legislation on elections and to prevent any violation of Russian Federation citizens' electoral rights.

[Signed] Russian Federation Central Electoral Commission

Burbulis Sets Stage for Political Comeback

*MK0108145495 Moscow SEGODNYA in Russian
1 Aug 95 p 3*

[Report by Tatyana Uklyuchina: "The Ideology of a New Russian Statehood Is Waiting for Clients. Gennadiy Burbulis Wants To Return to the Political Stage as a 'Script Writer'"]

[FBIS Translated Excerpt] Recently rumors began circulating in political lobbies about Gennadiy Burbulis, a figure that has seemingly taken a back seat. His "track" is being found everywhere: from preparations for the creation of the Russia Is Our Home movement to the organization of Boris Yeltsin's reelection (according to

other reports, the election of Ivan Rybkin as president). Some of the rumors are based on actual facts: for instance, Burbulis' surprise invitation to Sochi where, apart from a tennis game, he had a conversation with Yeltsin and Chernomyrdin; his contacts with Our Home organizers; the creation, on Burbulis' initiative, of the Strategy [Strategiya] center, led by him; and his energetic involvement in the Parliamentary Club, a Russia-wide public organization which has opened its local chapters without undue noise in the majority of Russia's regions. [passage omitted]

The Strategy think tank has prepared a 200-page memo entitled "An Open Paper." SEGODNYA has come by one of the paper's latest electronic versions.

In the preface the paper's authors (Vladimir Bakshantovskiy, Leonid Polyakov, and Yuriy Sogomonov, all doctors of philosophy; Yuriy Vedeneyev, Anatoliy Kovler, and Valeriy Savitskiy, doctors of law; Valeriy Tishkov, doctor of historical sciences; Gennadiy Burbulis, candidate of philosophical sciences, and others) declare their "aspiration, as far as possible, to consider the very early experience of the evolution of legal democratic statehood in Russia." One of the paper's basic propositions is that "the economy will not be able either to develop or exist for any appreciable length of time if it is not protected by democratic legal statehood." The authors believe that "criminal, aberrant" behavior in stable democracies characteristic only of marginal groups and individual ethno-demographic subcultures, is threatening to become commonplace in a society where the habit of self-limitation of freedom by means of the law is substantially weaker (or is totally nonexistent) compared to the reflex of "forced goodness." In such a society the lifting of bans and the abandonment of systematic repressive control leaves the individual, demoralized by the totalitarian state, without the accustomed tutelage and modest but stable social guarantees. Therefore, the authors maintain, a maximally favorable environment is being created not simply for "organized" but for mass crime, that is to say, for turning society into a conglomerate of regional-ethnic and occupational-sectoral groups. [passage omitted]

The "open paper" focuses on the problem of Russian statehood, which is given rather specific treatment, and takes on an ideological meaning that is foreign to Russian political practice: The concept of a certain "new patriotism" is advanced as an intellectual and political "center of attraction for ideas." It is proposed to base it on a realistic perception of the new independent state — the Russian Federation, which has existed for four years now — not as a transient or dead-end phenomenon, not as an annoying encumbrance, but as a historical reality. This concept bears a close affinity to the views espoused

by some liberal economists who seek to combine liberal ideas and "national interests," with the latter having some priority. [passage omitted]

In analyzing Russia's national-state structure, the authors are primarily concerned with the need to "eliminate an identity crisis" which manifests itself "in the legal absence of a Russian nation as a single subject of political self-determination and a source of state sovereignty." The path toward overcoming this crisis, in the authors opinion, is as follows: "Russia in its state evolution should at present maintain a course toward creating a contemporary 'nation-state' whose formative features are territorial integrity and a civic community. This course is impossible without recognizing the Russian nation as a basic political subject manifesting its will in certain forms of statehood and maintaining its national interests via the Russian state." At the same time, they stress, the very first phrase in the Constitution defines this subject as "the multiethnic people of the Russian Federation," mixing the antimonarchic tenor of the notion of "people" that is contained in the U.S. and French constitutions with the ideological rhetoric of a "multiethnic Soviet people." "As a result, we have terminological nonsense, whose presence in the preamble and in Part 1, Article 3 on one hand reflects, but on the other hand deeply aggravates (because it legitimates) the dangerous ambiguity of the Russian state Constitution." [passage omitted]

The authors regard as one distinguishing feature of the set of crisis phenomena under consideration "the rather deplorable legal reality of amnestying that has taken shape in Russia in the past three years. In the last three years events that called for a principled juridical assessment have been amnestied, which in effect brought about the amnesty syndrome of the ruling authority. Its essence consists of the readiness by the power structures to waive responsibility for the most serious legal offenses and crimes against the Russian state in exchange for tolerance with respect to themselves."

The paper's culminating part is a section devoted to the need to create "the ideology of a new Russian statehood." It is less detailed, oftentimes purely rhetorical, leaving the impression of a "textual blank" which is supposed to be filled up with a more acceptable version. [passage omitted]

There are question marks over whether the "ideology Burbulis-style" will be a state ideology. But to all appearances, it has every chance of becoming a partisan ideology, especially in the run-up to elections. [passage omitted]

Federal Law To Curb HIV Infection Introduced

*LD0108154795 Moscow ITAR-TASS in English
1440 GMT 1 Aug 95*

[By Andrey Urban]

[FBIS Transcribed Text] MOSCOW, Aug 1 (ITAR-TASS) — The Russian federal Law "On Prevention of Human Immunodeficiency Virus-Associated Symptom Complex (HIV Infection) in the Russian Federation" came in force today.

Under Article 10 of the law, which was passed by the State Duma in February of this year, foreigners and persons without citizenship who apply for a visa to enter Russia for longer than three months must present a certificate of their negative tests for HIV infection.

Russian Foreign Ministry spokesman Mikhail Demurin told reporters today that the Foreign and Health Ministries jointly with the Sanitary-Epidemiological Surveillance Committee had drafted a certificate which conforms to international practice.

Demurin said the certificate meets the requirements which forbid entry to Russia by persons identified as HIV carriers.

The certificate on the absence of HIV infection must be issued by an authorized national laboratory or by its branch in a country which has Russia's diplomatic or consular mission.

"As this certificate so far has not been officially approved and the procedure for getting it has not been defined, the official date of coming of Article 10 of the federal law has not been set so far," Demurin said.

He added that the law might require amendments.

Dissolution of Human Rights Commission Criticized

*LD0108144295 Moscow Russian Television Network
in Russian 1300 GMT 1 Aug 95*

[From the "Vesti" newscast]

[FBIS Translated Text] According to reports in a number of mass media, the Russian president has dissolved the human rights commission which was headed by Sergey Kovalev. However, ROSSIYSKAYA GAZETA, which publishes all edicts, has not yet received this document.

[Unidentified correspondent] The human rights commission was set up by the presidential administration immediately after the October 93 events. Sergey Kovalev was appointed its chairman. The commission was composed of such influential people as Sergey Averintsev, Fazil Iskander, Mikhail Molovstov, and even Andrey

Kozyrev. At the beginning of the Chechen campaign Yelena Bonner and Boris Zolotukhin left the commission to protest the war.

The commission, which had presidential status, did not merely examine people's requests, but also tried to create a coherent system in which the defense of human rights would be the state's duty. Comprehensive programs were drawn up for the defense of children's and women's rights, and defense against miscarriages of justice. The body tasked itself with examining all the main laws from the point of view of adherence to basic human freedoms. [video cuts to show I. Golembiovskiy, member of the commission and chief editor of IZVESTIYA, speaking]

[Begin Golembiovskiy recording] To say that the commission was incapable of working is ludicrous. To replace the commission for human rights by an office dealing with letters and complaints from workers is an old, often used, Soviet trick. Unfortunately we are now witnessing it. One can imagine what will be going on in that office. Bureaucrats and administrators will examine complaints against other administrators. Therefore, to talk about people's rights and freedoms would be simply superfluous.

But in fact I think that Sergey Adamovich Kovalev, chairman of the commission, an undoubtedly independent man and probably the first dissident in our democratic state, has sufficiently irritated the authorities by his stand on the carnage in Chechnya. And the last straw was his speech at the constitutional court. [end recording]

Military Issues

Chechnya Military Costs Leave Army Wages Short

LD0208085695 Moscow *ITAR-TASS in English*
0834 GMT 2 Aug 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, August 2 (ITAR-TASS) — The Russian Defence ministry spent 1.7 trillion roubles (400 million USD) on fighting in Chechnya in the six months of 1995 and has no money now to pay its officers and men, according to a high-ranking ministry official.

Vasily Vorobyov, head of the main department for military budget, told Tass Wednesday that the Chechen combat expenses were not envisaged in the budget of the Defence ministry and, therefore, every second Russian servicemen was not paid in July. The personnel of the Black Sea fleet was not paid in June and July, he added.

Vorobyov added that the debts of the Defence ministry in wages and to suppliers exceed 9.4 trillion roubles

(over 2 billion USD). Wage arrears comprise one trillion roubles. Besides, the government did not provide five trillion roubles for financing certain provisions of the military budget in the first six months.

"At present we have no money to buy food, fuel, uniform", he said adding that the ministry has to resort to "an extreme measure" and request commercial banks for loans. "This is simply impossible in any other state", Vorobyov said, but added that the measure was okayed by the Finance ministry.

Vorobyov stressed that if the armed forces do not receive budget-envisaged appropriations, "the troops will not be able to fulfil their main task — to be the guarantor of the Russian national security".

Defense Ministry Renews Request for Funding

MM0108115795 Moscow *KRASNAYA ZVEZDA*
in Russian 1 Aug 95 p 1

[Report by Russian Defense Ministry Information Directorate: "Army Must Receive What It Is Due"]

[FBIS Translated Text] Defense Ministry — The leadership of the Russian Federation Defense Ministry has recently reiterated its insistent request to the government to ensure the normal funding of the 1995 defense order and to approve a schedule for prior payment in the second half-year of the defense order which the military department long ago submitted to the Finance Ministry.

The funds that the Defense Ministry was effectively allocated during the first half-year (within the framework of the Law on the 1995 Budget) for procurements of arms and military hardware and for research and development work this year, mindful of the actual arrears in 1994 (around 3.8 trillion rubles), are considerably lower than the figure planned under the 1995 Budget Law. The Defense Ministry has once again asked the government to ensure a higher defense order, including research and development work in 1996, to at least correspond to the growth in GDP. This fully accords with the Russian president's instructions. The military department is also insisting that research and development spending should represent at least 10 percent of national defense appropriations, as prescribed by the Russian president back in November 1993.

R509.6 Billion Needed To Destroy Chemical Weapons

LD0108145795 Moscow *ITAR-TASS in English*
1347 GMT 1 Aug 95

[By Oleg Velichko]

[FBIS Transcribed Text] MOSCOW, August 1 (ITAR-TASS) — "Russia needs 509.6 billion roubles to destroy

its stocks of chemical weapons in 1996," chief of staff of the Russian Armed Forces Mikhail Kolesnikov said during the government's session today. If the money is not provided, Russia might fail to fulfill its commitments on the destruction of chemical weapons, Kolesnikov said.

The stocks of chemical weapons in Russia make up 40,000 tonnes and they should be destroyed on special grounds within a ten-year period after a convention signed in 1993 comes into force. Incidentally, in 1994, the programme for the elimination of poisonous substances was financed 32 per cent against 10 per cent reported this year.

A commission of the Russian government has instructed the Russian Finance Ministry to make a separate entry on list of budgetary expenditures to provide funds for the elimination of the stock of chemical weapons.

Pacific Fleet Seen Downsize 'Significantly'

OW0208003095 Tokyo TOKYO SHIMBUN Morning Edition in Japanese 30 Jul 95 p 1

[By A. Portov: "Top Secret Document of Russia's Pacific Fleet Obtained"]

[FBIS Translated Text] Vladivostok, 29 Jul — The Russian Far East Pacific Fleet, which was the main force of former Soviet military in the Asia-Pacific region during the Cold War era, has been downsized significantly, and its number of warships, including aircraft carriers, dropped from 745 (1.89 million gross tons) to 275 (660,000 gross tons), a scaledown to about one third of its original size, in the past 10 years. This was disclosed by the Pacific Fleet Headquarters' data, which TOKYO SHIMBUN obtained recently. It predicts that the number of ships will be reduced to as little as around 100 by the year 2000. In addition, Russia is studying the possibility of transferring the Far East Fleet's nuclear submarine force to its Northern Fleet, and a senior official of the Pacific Fleet Headquarters points out that "there are signs that the military balance may collapse and the United States and China may have an advantage over Russia."

The main force of the Pacific Fleet is nuclear submarines, of which there were more than 80 in 1985. But the Pacific Fleet currently has 35 nuclear submarines. That is because Russia, in addition to disposing of old ships, scrapped nuclear submarines to abide by SALT I. Of the 35 nuclear submarines, many ships are waiting for repair and the number of operational ships is only 23.

It is predicted that the number of submarines will continue to go down to 25, of which only 8 can be used

in military operations, by the year 2000. It is reported that "lately, the Russian General Staff Office is studying the possibility of transferring the nuclear submarines of the Pacific Fleet to the Northern Fleet," (according to a senior official of the Pacific Fleet).

The Pacific Fleet, under normal circumstances, had more than 100 submarines in times past. Due to the increase in the number of nuclear submarines and the dismantling of old submarines, the fleet has only 14 Kilo-class attack submarines now. According to a prediction made by the Technical and Repair Bureau of the Pacific Fleet Headquarters, it seems that the Kilo-class attack submarines will drop to five by the year 2000. Some people predict that the number of submarines, which can be used in military operations, will drop to zero if the fleet suffers from insufficient repair funds.

In 1985, the Soviet Union had 557 battleships and support ships — including aircraft carriers, cruisers, and destroyers. But Russia has only 180 such ships now. In addition to the aircraft carriers Minsk and Novorossiysk, many operational battleships, including the nuclear-powered cruiser Frunze, are on a list of ships that may be dismantled because of a lack of repair funds and personnel shortages.

Federal Assembly

Law on Formation of Council Forwarded to Yeltsin

LD0108105195 Moscow INTERFAX in English
0930 GMT 1 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 1 (INTERFAX) — The law on the forming of the Russian Federation Council, adopted by the State Duma and approved by the upper house of Russia's parliament, has been forwarded to President Yeltsin accompanied by a letter from Federation Council Chairman Vladimir Shumeyko, now on vacation. INTERFAX learned this from the Council's press service.

The law provides for electing the members of the upper house, which, in Shumeyko's view, contradicts Russia's Constitution. In this connection, Shumeyko told journalists upon conclusion of the council's session on Thursday that "the president, as the guarantor of the Constitution, has no right to sign a law violating it."

Federation Council Electoral Issue Discussed

MM0108131095 Moscow ROSSIYSKIYE VESTI
Saturday Edition in Russian 29 Jul 95 p 2

[Report by Lyubov Tsukanova under the "Summary of the Week" rubric: "Senators Split Over Law About Themselves"]

[FBIS Translated Text] The current election campaign is dictating the rhythm of politics with ever greater insistence. Political parties and movements have come to life: We are getting reports one after the other on forthcoming congresses and conferences of associations which are intending to participate in the December elections. It is, however, already clear today that August can be considered as lost to participants of the election race: When it convened for its last session before the summer recess, the Federation Council refused to include a reexamination of the law on determining the boundaries of one-seat electoral districts on its agenda. In effect this means that the Central Electoral Commission [CEC] will have to hold elections in accordance with the old practice, which it will make public no earlier than the end of August, and until that time it will not be possible to start nominating candidates for one-seat districts and consequently the collection of signatures in support of candidates cannot begin. However, the Federation Council's stubbornness is not just "putting a wrench in the works" for the CEC and the participants in the elections, it is in actual fact infringing on voters' rights — the plan for dividing the country into electoral districts has really gone out of date over the past two years and does not reflect the real state of affairs.

Last week the Federation Council was the stage for yet another political scandal which was also connected with the forthcoming personnel change in the legislative branch of power. The issue is the law on the formation of the Federation Council adopted by the State Duma. As we know, the Duma insisted that the deputies in the upper chamber be elected, having interpreted in their own way the concept in the Constitution of the "Federation Council's formation." Where the State Duma's interests lie, or to be precise, where the interests of the factions opposing the president lie is clear: in the "politicization" of the upper chamber and in political parties' aspirations to participate not only in the elections to the Duma but also in the campaign to form the Federation Council. According to all the forecasts, the law should not have passed through the upper chamber in this form. All the more so as the president holds to a different idea — that of appointing the chamber; and the senators knew about this.

However, those who made the forecasts did not take one factor into consideration: The present membership of the Federation Council is more than 50 percent composed of deputies who do not represent the local authorities but have been selected on the basis of party affiliation. If it is "selected," the majority will be excluded from membership of the next Federation Council, but if it is elected, they will, on the contrary, be given a chance. All the more so as the Duma law makes allowances for them: A special article of the law gives the current senators the right (unlike candidates nominated by the legislative and executive organs) to run independently for the Federation Council. Personal interest (albeit carefully disguised by words about democracy and the will of the people) has prevailed: Some 90 deputies voted for the law — that is the minimum required for a law to be approved. If you take into consideration the great hubbub surrounding the ballot, the misunderstandings concerning the questionnaires, and the mutual accusations, then you really have to stretch a point to consider the decision made to be the political will of the entire Federation Council. From a legal point of view it is; the chamber approved the law. But in actual fact, the Federation Council has split in two, with one half of the deputies that represent the regional authorities defending their group interest, and the other half defending their own personal or party aspirations.

Whatever happens to the law in the future (it is now in the hands of the president), the legislative showdown has clearly pointed up the deep differences of opinion on matters of principle existing within the political elite: first, in their approach to the constitutional principle behind the system of legislative power, and, second, in their approach to federalism and its reflection in legislation. And what is less important but even sadder, it has demonstrated the power of the emotions over reason which sets aside our elected representatives of 1993....

Deputies Collect Signatures for Special Session

LD0108143395 Moscow INTERFAX in English
1233 GMT 1 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 1 (INTERFAX) — Duma deputies have started to collect signatures in support of an extraordinary Duma sitting on August 11 to discuss the law on electoral districts. Some 40 deputies have put their signatures under the petition, sources told INTERFAX on Tuesday.

The signatures of either one fifth of Duma deputies or the initiative of one Duma faction are necessary to hold an extraordinary sitting of the Russian parliament's lower chamber. INTERFAX sources do not exclude the

possibility that such an initiative will be forwarded by the Communist faction.

The law on borders of electoral districts is to be published 110 days before parliament elections. In as the Federation Council has rejected the draft law adopted by the State Duma, the lower chamber will have either to vote down the veto with 300 votes or adopt an altered variant of the law with 226 votes. The altered variant would be considered a new edition of the law.

If the State Duma fails to convene the session and adopt the law on electoral districts, it is not excluded that the elections won't be held under the district scheme adopted for December 1993 elections, despite the quantitative change of the electorate and the considerable difference in the number of voters in various districts.

Duma Speaker Ivan Rybkin told INTERFAX earlier this year that an extraordinary sitting "costs a lot." He thinks it would be possible to issue a presidential decree on electoral districts on the basis of the law adopted by the State Duma. In his opinion, this decree should be in effect until the adoption of a corresponding federal law.

List of Legislative & Regulatory Documents 23-29 Jul

95P50157

[FBIS Media Note] The following is a listing of Russian legislation recently published in the press of the Russian Federation compiled by FBIS. Numbers within parenthesis indicate approximate wordage. Entries followed by the notation "Text" have been translated into English and are available in FBIS publications.

SECTION I: ECONOMIC LEGISLATION (EXPORT-IMPORT, BANKING, PRIVATIZATION, AUCTIONS, REGIONAL DEVELOPMENT)

Government 26 June Decree No. 608 Approving Appended (But Not Published) Statute On Certification Of Data Protection Systems. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 4) (200)

Government 27 June Decree No. 628 Approving Agreement With IBRD On Loan For Eliminating Consequences Of Komi Republic Pipeline Accident. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 6) (200) (Text)

Government 27 June Decree No. 629 Approving Agreement With EBRD On Loan For Eliminating Consequences Of Komi Republic Pipeline Accident. (Moscow ROSSIYSKAYA GAZETA in Russian 27 July 95 p 6) (200) (Text)

Government 1 July Decree No. 666 Approving Appended (But Not Published) Statute On Commission For Financial And Money-Credit Policy Plus Unattributed Commentary. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 4) (500)

Government 1 July Decree No. 672 Appointing I.I. Gorbachev And A.A. Prokopyev To Commission On Foreign Trade Protection. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 6) (100) (Text)

Government 1 July Decree No. 674 Transferring Federally Owned Enterprises And Organizations To Kursk Oblast Jurisdiction, Plus List Of These. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 5) (600)

Government 10 July Decree No. 692 Transferring Federally Owned Property To Khanty-Mansiysk Okrug Jurisdiction. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 5) (150)

Government 10 July Directive No. 939-r Accepting Transport Ministry Proposal To Open Arctic Ports To Foreign Ships Plus List Of Ports In Question. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 6) (300) (Text)

Government 13 July Decree No. 706 On Improving Tariff System For Railroad Freight Shipments. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 4) (300) Federal Law No. 109-fz Adopted By State Duma 14 June, Signed By Yeltsin 18 July, Introducing Amendments And Additions To Russian Labor Legislation. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 4) (2000)

Government 17 July Decree No. 712 On Composition Of 'Vostochnaya Nef tyanaya Kompaniya' [Eastern Oil Company] Board of Directors. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 5) (200)

Government 17 July Decree No. 714 Approving Appended Procedure For Monitoring Targeted Utilization Of Short-Term Financial Support Funds. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 5) (1000)

Government 17 July Decree No. 717 On Numerical Strength Of Government's Market Conditions Center. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 4) (350)

Government 17 July Decree No. 724 On Transfer Of Agricultural Organizations' Infrastructure Facilities To Municipal Ownership. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 4) (900)

Government 17 July Directive No. 965-r On Submission To State Duma Of Law On Raising Minimum Wage. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 4) (100)

Government 17 July Directive No. 980-r On 'Kari-mos' Company's Involvement In Modernization Of Dairy Industry Plus Goncharov Commentary. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 4) (800)

Government 17 July Directive No. 988 Making Personnel Changes In Commission Coordinating Privatization Of Agro-Industrial Enterprises. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 6) (2000)

Government 17 July Directive No. 994-r On Gosatom-nadzor Talks With U.S. Department Of Energy. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 4) (200) (Text)

Government 17 July Directive No. 996-r Approving Formation Of Russian Consortium To Bid For Construction Of Chinese Hydroelectric Power Complex. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 5) (200) (Text)

Government 19 July Decree No. 734 'On Immediate Measures For State Support Of Agricultural Production In 1995.' (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 4) (1700) (Text)

Government 20 July Directive No. 1012-r Submitting Law On 1995 Federal Budget For Duma Consideration. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 4) (100)

Federal Law No. 115 Dated 20 July On State Socioeconomic Forecasting, Programming. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 4) (2400)

Yeltsin 21 July Edict No. 746 On Changes To Taxation System. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 4) (1400)

Yeltsin 21 July Edict No. 747 Regulating Use Of General-Purpose Aviation. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 4) (500)

Government 24 July Directive No. 1014-r Accepting Proposal To Open Belgorod Airport To International Flights. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 5) (150) (Text)

SECTION II: POLITICAL (INTERNATIONAL AND CIS AFFAIRS, ELECTIONS, CRIME, POLLUTION)

Federal Law No. 105-fz Adopted By State Duma 9 June, Signed By Yeltsin 18 July, Introducing Amendments And Additions To Russian Administrative Crimes Code. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 4) (300)

Federal Law No. 106-fz Adopted By State Duma 9 June, Signed By Yeltsin 18 July, Introducing Amendments And Additions To Russian Criminal Code. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 4) (900)

Federal Law No. 107-fz Adopted By State Duma 9 June, Signed By Yeltsin 18 July, Introducing Amendments To Law On Status Of Russian Federation Capital. (Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 4) (150)

Government Decrees No. 689 of 10 July and 728, 721, and 722 of 17 July On Transfer Of Federally-Owned Property To Jurisdiction Of Moscow Oblast, Tyumen Oblast, Arkhangelsk Oblast, and Krasnodar Kray Respectively. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 6) (1600)

Government 17 July Decree No. 718 Listing Environment Ministry Office- Holders Responsible For Ecological Monitoring. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 6) (1000)

Government 17 July Directive No. 991-r Transferring Property Management Rights From Ostankino TV to Federal TV Service. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 5) (150)

Federal Law No. 110 Dated 19 July Amending Criminal Code, Administrative Code, Copyright Law. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 4) (1400)

Federal Law No. 111 Adopted By State Duma 9 June 95 And Signed By Yeltsin 19 July, Introducing Amendments and Additions To Criminal Procedure Code. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 5) (350)

Federal Law No. 113 Adopted By State Duma 7 June 95 And Signed By Yeltsin 19 July 95, Introducing Amendments And Additions To Administrative Crimes Code. (Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 5) (500)

Federal Law No. 114 Adopted By State Duma 16 June 95 And Signed By Yeltsin 19 July 95, Introducing Amendments And Additions To Law On Mass Media.

(Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 5) (250)

Government 17 July Directive No. 997-r On Opening Of Branch Of DPRK Trade Mission In Khabarovsk. (Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 4) (200) (Text)

Yeltsin 24 July Edict No. 756 Amending Earlier Edict On Federal Security Service. (Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 4) (200) (Text)

Regional Affairs

Further Reportage on Chechen Talks, Military Accord

Russians Confirm Imayev's Dismissal

LD0208070295 Moscow ITAR-TASS in English 0558 GMT 2 Aug 95

[FBIS Transcribed Text] MOSCOW August 2 (ITAR-TASS) — Chechen separatist leader Dzhokhar Dudayev dismissed his chief peace negotiator Usman Imayev and the latter also resigned as the Prosecutor General in Dudayev's government.

The Russian military command in Chechnya confirmed Imayev's dismissal to TASS Wednesday and said the reason was Dudayev's disagreement with certain provisions of the signed military peace agreement.

It quoted Chechen military commander Aslan Maskhadov as saying that Dudayev disagreed "with certain items of the agreement, but they are insignificant".

"I was told I was relieved of the duties of the head of the delegation", Imayev said in an interview with the NTV Russian television Tuesday.

He did not give any reasons for the dismissal. Dudayev poured scorn at the military agreement with Russia, but Imayev said there was hardly anyone among Chechen leaders who would openly call for the continuation of the war.

Chechen military commander Aslan Maskhadov explained Dudayev's reaction by saying: "He is such an impulsive man" and adding that the military agreement would be observed.

"I shall continue to support peace efforts in Chechnya in the capacity of a private person", Imayev added saying that he had also resigned from "government posts".

Imayev is to be replaced by Khodzakhmed Yerikhanov, former Chechen Education minister, who has also participated in the peace talks.

Imayev Used as 'Scapegoat'

LD0208093495 Moscow ITAR-TASS in English 0921 GMT 2 Aug 95

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] GROZNYI August 2 (ITAR-TASS) — Chechen separatist leader Dzhokhar Dudayev used his chief negotiator Usman Imayev as a scapegoat for inevitable concessions at peace talks with Moscow, according to a source in Imayev's entourage.

"Dudayev realises that he has lost in the military aspect and cannot avoid concessions", the source told TASS Wednesday speaking on conditions of anonymity.

From the very beginning of the talks Dudayev planned that "Imayev will bear responsibility for concessions at the negotiations, thus freeing Dudayev from it and avoiding a split among his supporters", the source said adding that Imayev's dismissal was no surprise for him.

In the meantime, a representative of the Russian government delegation in Grozny told TASS Wednesday that he "has no official information about the dismissal of Imayev from the post of the head of the delegation".

Imayev announced the dismissal himself in a TV interview Tuesday.

Mikhaylov Blasts Dudayev Over Move

LD0208091795 Moscow ITAR-TASS in English 0852 GMT 2 Aug 95

[By Oleg Velichko]

[FBIS Transcribed Text] MOSCOW August 2 (ITAR-TASS) — Chief Russian negotiator at Chechen peace talks Vyacheslav Mikhaylov blasted Chechen separatist leader Dzhokhar Dudayev for dismissing his "sober-minded" delegation head Usman Imayev and said the Russian side will think how to react.

The dismissal is "a violation of earlier reached agreements regarding the composition of participants in the talks", Mikhaylov told TASS Wednesday. "Usman Imayev tended to compromise during negotiations, while Dzhokhar Dudayev fears sober-minded politicians", he added.

"Corresponding consultations will be held regarding the change of the head of the Chechen delegation", Mikhaylov said.

Imayev, who signed a breakthrough military agreement with Russia, is to be replaced by Khodzakhmed Yerikhanov, former Chechen Education minister, who has also participated in the peace talks.

Mikhailov called for an early appointment of the presidential envoy to Chechnya, but refused to disclose a possible candidate. "It is too early to speak about that", he said, but added that he had discussed the issue with Prime Minister Viktor Chernomyrdin during a telephone conversation Wednesday.

On Thursday Russian-Chechen consultations on political issues will resume in Grozny and Mikhailov said Russian experts would be headed by Vladimir Zorin, first deputy head of the Russian regional executive authority in Chechnya.

"The issues of forming a transitional government will be in the focus" of the talks, according to the chief Russian negotiator.

"As soon as progress is achieved at the talks, members of the Russian delegation will join them", he added.

Mikhailov Interviewed on Military Accord

LD0108213095 Moscow Mayak Radio Network
in Russian 1830 GMT 1 Aug 95

[Interview with Vyacheslav Mikhailov, minister of affairs of nationalities and regional policy, by correspondent Igor Degteryuk; place and date not given — recorded]

[FBIS Translated Text] [Mikhailov] The fundamental basis has been laid to end this war as it is likely that separate military operations and provocations by uncontrolled groups will be continued. The reason for that is that there are many people whom the war fed, clothed from head to toe, and who found it profitable. However, the signing of this agreement makes it possible after all to take them under maximum control.

[Degteryuk] According to General Dzhokhar Dudayev, he did not give powers to Usman Imaev to sign the agreement. Are you confident that General Dudayev will not try to disavow the result of the work which has been done in the same manner?

[Mikhailov] The group led by Imaev has received powers from Dudayev and this is being confirmed by relevant document. If one considers the factual aspect of the issue, then the delegation had powers. On the other other hand, during the talks there has been a series of statements by Dudayev saying that he will continue the war and that Russia is an enemy and that the war should be waged till the end. That means that his statements disavowed the negotiation process, which was also led by a delegation on his behalf. There have been statements of the same type after the signing of the agreement, but it seems to us that the agreement has already a legal power as it is written in the agreement

that it enters into force from the day it is signed. Today our working group will continue discussion on a package of political issues and the future will show.

[Degteryuk] Many mass media name the issue of the status of Chechen Republic as being the cornerstone here.

[Mikhailov] During these talks, we proceeded from the indisputable fact that the Chechen Republic is a constituent part of the Russian Federation and that the Constitution and the laws of the Russian Federation have to be fully restored in the Chechen Republic.

[Degteryuk] What is the conclusion? Is this a defeat or victory and who will disarm illegal Chechen formations?

[Mikhailov] A defeat or victory. It is true that these days one hears this question very often. First of all, I would like to note that it is the Chechen Republic that we are talking about and it is a constituent part of the Russian Federation and its inhabitants are the citizens of the Russian Federation and simultaneously the citizens of the Chechen Republic. That is why we should always remember this when we use the words defeat or victory. The Russian Federal forces were implementing the decree signed by the president on disarming illegal armed formations, were restoring the constitutional order on this territory, and defended the integrity and sovereignty of the Russian Federation. They were fulfilling their patriotic and civil duty. They were also disarming illegal armed formations and were destroying military equipment, one should say the latest military equipment.

Really, in this new situation an issue came about how to complete the disarmament of illegal armed formations. You understand very well that in one way or another considerable forces have been involved in the conditions of this armed conflict and taking into account the nature of this operation civilians have suffered. Thousands of innocent people have been killed, have become the victims of this ungovernable resistance, and now it seems to us that it is by efforts of militarymen — who never stopped peace talks, including with field commanders, convincing them of the necessity of solving this problem of disarmament by peaceful means — that at last a mechanism of this disarmament has been worked out. The sense of our agreement is that in future self disarmament under appropriate control will take over from an enforced disarmament of illegal armed formations.

Dudayev Orders Fulfilment of Accord

LD0208112195 Moscow *ITAR-TASS in English*
1046 GMT 2 Aug 95

[FBIS Transcribed Text] MOSCOW, August 2 (ITAR-TASS) — Chechen separatist leader Dzhokhar Dudayev backed the military agreement with Russia signed Sunday, his spokesman Movladi Udugov told TASS by telephone Wednesday speaking from somewhere in Chechnya.

He said Dudayev chaired a meeting of Chechnya's Defence Committee late on Tuesday which considered and approved the agreement, although Dudayev voiced some insignificant remarks.

Dudayev expressed "some remarks about certain wordings in the document, but they did not concern its essence", Udugov said.

"The document has been approved in general and accepted for execution", he stressed adding that Dudayev had ordered his military headquarters and the government to fulfil the military agreement.

Udugov admitted that sporadic shoot-outs took place in Chechnya, especially near the southern settlements of Bamut and Orekhovaya, but said the situation was quiet in general in the republic in the past 24 hours.

He added that the ceasefire ordered by Chechen military commander Aslan Maskhadov from Tuesday midnight was being "observed in general".

The spokesman reiterated Chechen claims that attacks on Russian troops after the military agreement was signed were staged by uncontrolled sole fighters.

"As far as shootings which took place after the signing of the military agreement in certain regions of the republic and in Grozny are concerned, as well as attacks on the strongholds of federal troops, in most cases they were carried out by uncontrolled fighters of Chechen opposition, by sole militants", Udugov said.

Chechen 'Face-Saving Capitulation' Viewed

MK0108120895 Moscow *SEGODNYA in Russian*
1 Aug 95 p 1

[Report by Pavel Felgengauer: "The Struggle for Peace in Chechnya"]

[FBIS Translated Text] The agreement on military questions, which officially ended the Russian army's Chechen expedition, was in fact signed not on 30 July, but on 21 June — a few days after the negotiations began in Grozny. The only substantial difference between the treaty signed on 30 July and the interim protocol signed on 21 June is the provision placing

Shamil Basayev and other Budennovsk terrorists outside the cease-fire agreement, and therefore outside the law.

For 40 days, from 21 June until 30 July, the outwardly senseless altercation on political matters continued, primarily on the problem of Chechnya's future status. During this time the Russian delegation stubbornly linked the signing of the agreement on the military bloc of questions with the completion of negotiations on the political bloc. It was not until last Saturday that Moscow reversed its position sharply and agreed to sign the military agreement, presenting it as a major, and even forced, concession. It is difficult to say whether such a negotiating tactic was chosen deliberately, whether it was an improvisation, or a coincidence, but the end result turned out to be much better than could have been hoped.

If the military agreement is fulfilled accurately, this will in effect be face-saving capitulation for Chechnya. Chechnya will have to disarm and heavy weapons are to be destroyed, after which the resistance fighters must go back to their homes. At the same time as the disarmament, the withdrawal of Russian troops will begin, but the agreement does not envision any pullout schedule. The only condition is the Russian command's conviction that the armed Chechen detachments have indeed been abolished.

In any event the withdrawal of federal troops will not be complete and final. Two motorized infantry — army and Internal Affairs Ministry — brigades will remain in Chechnya on a permanent basis; that is to say, up to 100 tanks, up to 200 armored infantry vehicles and armored personnel carriers, heavy howitzers, multiple rocket launch systems, and so forth. The strength of each brigade can, if need be, be expanded to up to 6,000 men. In principle this is quite enough to control, with combat aircraft and helicopter gunship support, all installations, strategically important for Moscow, that are located in the republic's territory.

But the main success story by the Russian delegation is that in exchange for concessions in the military sphere, the Chechens have received no political advantages. Moscow did not recognize Ichkeria's independence either directly or indirectly. No amnesty for the resistance fighters has been announced and there will be no amnesty until the Duma, now dismissed for a long holiday, reconvenes. There is no agreement on Dudayev's political future, while Basayev, with the consent of the Chechen side, has been declared a criminal fleeing from justice. It is no wonder that Dudayev immediately disavowed the agreement signed by Usman Imaev and Aslan Maskhadov.

Moscow has apparently managed finally to separate Maskhadov, chief of the Chechen General Staff, from the group of intransigents. As a former Soviet Army colonel, Maskhadov surely realizes that further military resistance is senseless and that in winter it will be simply impossible for large combat detachments to survive in mountain caves and dugouts. If there is no organized large-scale resistance, who needs a large staff and the General Staff chief himself in the first place?

Now Moscow can indeed pull back some of its advance units to larger and less exposed garrisons while the Chechens, at large, will be able to engage in vendetta and traditional infighting in an effort to straighten out who is the boss in Ichkeria. It must be for this purpose that the military agreement provides for armed local defense detachments. Negotiations on political matters can meanwhile drag on indefinitely, with the course of internal Chechen struggles being regulated by arms deliveries and individual special operations.

Accord Commission Monitors Meet, Comment

LD0108180595 Moscow NTV in Russian
1500 GMT 1 Aug 95

[Correspondent Boris Koltsov reports from Grozny; passages within quotation marks recorded]

[FBIS Translated Excerpt] [Koltsov] The cochairmen of the special commission for monitoring the observance of the military agreement between Russia and Chechnya held their first meeting at the OSCE mission in Grozny today. Before the arrival of Anatoliy Romanov, commander of the joint group of federal forces, and Aslan Maskhadov, chief of staff of the Chechen formations, mothers of Russian soldiers and relatives of the Chechens arrested by the federal forces during the conflict gathered near the mission. The soldiers' mothers were waiting for the lists of prisoners-of-war which Maskhadov was expected to bring. The Chechens wanted to know why their relatives were not included in the lists provided by the Russian side. [passage omitted] According to local residents, the federal forces are holding no less than 3,000 people, but there are only 1,300 names on the official list. Anatoliy Romanov, when he arrived at the meeting, tried to reassure the people to some extent:

[Romanov] "Anyone who finds the lists unsatisfactory or cannot trace their relatives there, should come to this department, complete an application, and we will search for them together."

[Koltsov] Aslan Maskhadov was cautious of speaking. After just over two hours of work, the cochairmen announced the results of their meeting. During this time they managed to draft and sign a joint statement

and an appeal to the citizens of Chechnya. The former document says that from 0000 [2000 GMT] on 2 August, the hostilities in Chechnya are to cease. At the same time, it adds that one order is not enough to stop the war, and shooting will continue after the the official cease-fire comes into force. In their statement Romanov and Maskhadov call on the Russian unit commanders and Chechen field commanders to refrain from wrong actions.

The appeal to the citizens of Chechnya contains a list of articles of the military agreement, a statement of goodwill, and a warning to those attempting to prevent peace being established on Chechen soil.

For the first time since the signing of the agreement, journalists were able to ask a senior member of the Chechen delegation what Dzhokhar Dudayev thinks of the results of their work. Maskhadov said that Dudayev on the whole approves the document signed, with the exception of some minor disputable issues. The chief of staff of the Chechen formations explained Dudayev's emotional speech on Radio Liberty in this way:

[Maskhadov] "He is just such a hot-tempered man." [laughs]

[Koltsov] Maskhadov also gave a comment on what has been happening in Achkhoy-Martan and Shali in the last few days.

[Maskhadov] "If someone tries to be rash and speed up the process, this is undesirable. For instance, I told them in Achkhoy-Martan — and I said the same to Anatoliy Aleksandrovich [Romanov] today: As it is written in the agreement, so it will be."

[Koltsov] On the whole, it is as yet unclear when and how the real implementation of the agreement will begin. The two sides plan on drawing up a schedule for implementing the agreement setting definite deadlines, by tomorrow. [passage omitted]

Joint Appeal Issued on Arms, Troops

LD0108171795 Moscow ITAR-TASS in English
1703 GMT 1 Aug 95

[FBIS Transcribed Text] Grozny, August 1 (ITAR-TASS) — Co-chairmen of the special observer commission set up in Chechnya — commander of the joint grouping of the Russian troops in the Chechen Republic Anatoliy Romanov and chief of the staff of the Chechen Armed Forces Aslan Maskhadov — released today a joint appeal to citizens of the republic on the order of voluntary surrender of their weapons and a stage-by-stage pullout of the federal troops from Chechnya.

Besides the two co-chairmen, the special observer commission on disarmament also includes military representatives from the sides, the Committee of National Accord, the territorial department of the federal bodies of executive power in the Chechen Republic, elders, clergymen and observers from the Organisation for Security and Cooperation in Europe (OSCE).

According to the appeal, disarmament will be carried out in three stages. At first, disarmament will concern illegal armed formations, units and other organizations, then — disarmed will be citizens from emergency volunteer corps for the defence of populated localities. At the third stage individuals must be disarmed.

Simultaneously with disarmament, a stage-by-stage withdrawal of the federal troops from Chechnya will be made.

Before holding elections and forming law enforcement bodies in localities, by the decision of the special observer commission, detachments of self-defence 15-25 strong may be formed in a number of inhabited localities. Weapons which they will receive will be registered in accordance with legislation. Self-defence detachments will act only within the limits of a populated locality.

The military command of both sides declared "the full condemnation and inadmissibility of any acts of terrorism and sabotage."

The document says that in accordance with law a person who voluntarily hands in arms to power representatives will not be criminally liable.

Citizens of the republic are informed that the guarantors of their security are the Russian president's envoy plenipotentiary and the special observer commission whose co-chairmen are the commander of the joint grouping of the Russian troops in the Chechen Republic and the chief of the main staff of the Chechen Armed Forces.

Ingush Leader Denies Militant Presence

*LD0108172895 Moscow INTERFAX in English
1539 GMT 1 Aug 95*

[FBIS Transcribed Text] MOSCOW, Aug 1 (INTERFAX) - "There are not and have not been any armed groups" in Ingushetia and those who say otherwise just "want to provoke Ingushetia and draw it into their dirty games," Ingush Prime Minister Mukharbek Didigov told INTERFAX.

He said "there are no camps or bases where Chechen militants have a rest between fights" and denied that

it was possible to ship large amounts of weapons to Chechnya through Ingushetia.

According to Didigov, "despite 85,000 refugees from the Prigorodny district of Vladikavkaz and 165,000 refugees from Chechnya, Ingushetia has the lowest crime rate in all the North Caucasus."

Unemployment is the republic's worst problem, since 56 percent of able-bodied people are jobless, said Didigov.

Airborne Troops To Depart Soon

*LD0108131495 Moscow ITAR-TASS in English
1303 GMT 1 Aug 95*

[By Mikhail Shevtsov]

[FBIS Transcribed Text] MOSCOW, August 1 (ITAR-TASS) — Colonel General Yevgeniy Podkolzin, commander of Russia's Airborne Troops, said on Tuesday that the withdrawal of paratroopers from Chechnya will start in 10-14 days.

Podkolzin told a news conference that, before their complete pullout, Russian paratroopers will help local administrations restore normal life, assist the return of refugees to their homes, detect and disarm illegal armed formations.

The general noted that in spite of a military accord with Chechen rebel leaders, one cannot exclude the recurrence of armed provocations against federal troops.

Exchange of POWs Begins in Grozny

*LD0208110595 Moscow ITAR-TASS in English
1057 GMT 2 Aug 95*

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] GROZNY August 2 (ITAR-TASS) — The Russian and Chechen military began the agreed exchange of POWs Wednesday which took place at 14:15 hours Moscow time (10:15 GMT) at the OSCE [Organization for Security and Cooperation in Europe] mission in Grozny.

Two Russian servicemen were exchanged for three Chechens who were kept in detention centres.

Russia provided a list of 1,325 detained Chechens, while the Interior ministry said 36 POWs were kept by militants.

Russian Casualties Since Jun Reported

*LD0208100995 Moscow Radio Rossii Network
in Russian 0900 GMT 2 Aug 95*

[FBIS Translated Text] Twenty-eight servicemen of Russia's Internal troops have been killed and 178

wounded since the middle of June when a moratorium on military operations in Chechnya was introduced, INTERFAX has learned from the press bureau of the internal troops. According to the press bureau, at present the internal troops are taking measures not to provoke the Chechen militants and not to allow the disruption of a peaceful settlement in the Republic. At the same time, the Ministry of Internal Affairs points out that in the foothill areas of Chechnya, irreconcilable militants are continuing to fire at the federal commandants' offices and checkpoints.

'Rebel' Leader Proposes Two Chechnyas

LD0108190495 Moscow INTERFAX in English
1810 GMT 1 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 1 (INTERFAX) — One of the Chechen rebel leaders, Abu Movsayev, has proposed a plan involving Chechnya's partition into two, a well-informed source close to Chechen leader Dzhokhar Dudayev told INTERFAX Tuesday [1 August]. Movsayev was involved in the Budennovsk hostage-taking together with Shamil Basayev, and is now at large.

According to the source, the border would pass by the river Argun. The rebel-controlled area would include mountainous and basin districts in the southeast of Chechnya, including such villages as Argun, Gudermes, Nozhai-Yurt, etc. On this land, Movsayev plans to restore Dudayev's regime.

According to the plan, the regime will not lay claims on the rest of the republic, chiefly basin areas.

According to other sources, Movsayev's group of 50 armed rebels infiltrated Shali last week and offered its "order maintenance" services to the local military police office.

Leningrad AES Hosts Industry Leader Conference

MM0108145895 Moscow Russian Television Network in Russian 0400 GMT 28 July 95

[From the "Vesti" newscast: Video report from Leningrad nuclear power station by M. Velikoselskiy]

[FBIS Translated Text] [Velikoselskiy over video of Leningrad nuclear power station reactor hall] A meeting of Rosenergoatom concern directors has ended at the Leningrad nuclear power station. Leaders of all Russian nuclear power stations and the Ministry of Atomic Energy and Ministry of Fuel and Power discussed the financial situation of the establishments to which they administer with representatives of scientific institutes and supplier plants. Frankly speaking, the situation is dire. Financial management of 21st century equipment

takes place at the level of barter, it revolves around bills of exchange and reciprocal offsetting of costs. Only 3 percent takes place in real money. There is enough money for wages, but there is nothing to pay into the state budget. Repair work is dragging on and on. Meanwhile, the problem of the construction of waste storage facilities is becoming more and more acute. This too hinges on money, of course, or rather the lack of it. Summing up the sad results, the nuclear industry specialists decided that Beloyarsk AES performed best in 1994. It was decided to continue the debate with the government about tariffs. Background radiation at the venue remained unchanged, within normal limits. [video shows various parts of Leningrad nuclear power station including reactor hall and control room, work in progress, lecture being delivered in front of a map featuring Leningrad AES and associated enterprises]

Construction Minister Visits Novgorod Oblast

MK0108132495 Moscow SEGODNYA in Russian
1 Aug 95 p 3

[Unattributed report]

[FBIS Translated Text] Novgorod — Visiting the oblast were Russian Federation Construction Minister Yefim Basin and the heads of the Federal Employment Service and the Fund in Support of the Development of the Central Russia Region. The objective of the visit was to assess the potential of Russia's northeastern oblasts with the objective to build housing there for servicemen discharged into the reserves, for resettlers, and for immigrants. The construction minister suggested that a procedure for combining investments meant for construction be developed in the oblast. He thinks one can use for that purpose money from funds for employment, support for entrepreneurship, and servicemen's housing programs.

Ingush President Views Negotiations With Ossetia

954F2941A Nazran SERDALO in Russian 18 Jul 95
p 1

[Report on press conference given by President of the Ingush Republic R. Aushev on 12 July in Nazran, by M. Matiyev: "Toward Dialogue and Cooperation"]

[FBIS Translated Text] On 12 July in Nazran, at the residence of the president of Ingushetia, Ruslan Aushev held a press conference. The president proposed that the journalists ask questions on the widest range of problems facing the leadership and the people of the republic.

R. Aushev related in detail the results of his meeting with the president of North Ossetia, Akhsarbek Galazov,

which had taken place the day before, on 11 July, in Vladikavkaz. At this meeting, the "Agreement Between the Republic of Ingushetia and the Republic of North Ossetia on the Implementation of the Edicts of the President of the Russian Federation on Questions of the Elimination of the Aftermath of the Ossetian-Ingush Conflict" was signed. It was the results of this meeting that were the main topic at R. Aushev's press conference.

Judging from his address, Ossetian-Ingush relations after the meeting of the leaders of the two republics should pass on to a qualitatively new level. Up until now, it has been attempted to resolve the problem of settling Ossetian-Ingush mutual relations either at the federal level or with the aid of a mediator. The president of Ingushetia noted that not a single official and not a single mediator will be able to resolve this problem if there are not direct contacts between our two republics. It was just this circumstance, in the words of Ruslan Aushev, that was the basic reason for the fact that the presidents of the two neighboring republics decided to embark upon direct negotiations.

"Some things are necessary to resolve at the federal level, but there are questions that we must decide ourselves. Not a single mediator can resolve for us questions that we should resolve ourselves," said R. Aushev, acknowledging, however, that the federal center should indeed play an important role here.

The president of Ingushetia noted that at the meeting in Vladikavkaz, a mechanism was also discussed for implementing agreements and understandings that had been achieved earlier. After all, the situation here has changed significantly since that time—the state of emergency on the territory of the Republic of Ingushetia and the Republic of North Ossetia has been lifted; edicts of Boris Yeltsin and decrees of the Government of Russia have been published on the return to the villages of Prigorodnyy Rayon of the Ingush who had been deported from there; the state committee of the Russian Federation on the elimination of the aftermath of the Ossetian-Ingush conflict has been formed; and amnesty has been declared for the participants in the events of the autumn of 1992.

R. Aushev regretfully stated the fact of the unsatisfactory financing of housing and infrastructure construction for those returning to Prigorodnyy Rayon.

The president of Ingushetia asserted that the leadership of the republic would do everything possible so that its agreement that was concluded in Vladikavkaz should be carried out in full measure. He reported that the next meeting of state delegations of the two republics would take place in Nazran.

R. Aushev considers one of the main points in the agreement to be the understanding on the necessity of joint work of the leadership of Ingushetia and Ossetia with regard to the normalization of the moral-psychological situation in the republics, with broad-based enlisting in this work of public figures, workers in scientific and cultural institutes, the mass media, and religious confessions. The president of the Republic of Ingushetia called upon the representatives of the mass media not to whip up passions, but to promote the overcoming of the barrier of mutual reproaches and recriminations and the relieving of tension, and to see the goodness and kindness that was and is in the relations between Ingush and Ossetians.

In order that people should cease to see in each other enemies and should pass on to normal, peaceful life, it is necessary, in R. Aushev's opinion, not only to renounce mutual accusations, but also to create a good moral-psychological climate. And it should be the young people who set an example for this, cooperating in such areas as sports, culture, and education. R. Aushev welcomed the recent arrival in our republic of the chairman of the State Committee for Youth Affairs of the Republic of North Ossetia.

The president of Ingushetia reminded his listeners that even during the tragic events of the autumn of 1992, during the period of the greatest animosity of people against each other, many Ossetians, risking their lives, harbored Ingush in their homes, and many Ingush rescued Ossetians. However, the mass media at times seem not to notice the positive and good in Ossetian-Ingush relations.

During the course of the negotiation in Vladikavkaz, both delegations condemned the recent terrorist act in the village of Galaborshevo, Prigorodnyy Rayon, and charged the governments of their republics to elaborate a plan of joint measures on stepping up the fight against crime. Ruslan Aushev said that henceforth the law enforcement agencies of Ingushetia and Ossetia should fight crime with joint efforts and more actively cooperate with each other.

During the course of discussion of measures to eliminate the aftermath of the conflict, it was noted that the process of returning the deported to Prigorodnyy Rayon is directly dependent on the progress of construction and restoration projects with respect to housing facilities and facilities of social and cultural designation. In a telegram from R. Aushev and A. Galazov addressed to Russian Prime Minister Viktor Chernomyrdin, the request is expressed to render assistance in providing timely and full financing of these projects.

Touching on the situation in Ingushetia itself, R. Aushev said that very few pointed, critical articles on negative phenomena in the life of our republic are being published. "It is not necessary to always give polished-up reports. It is necessary to promote the revival of the republic, to show the good and to fight the bad," said the president.

He spoke about the construction of new facilities. Thus, construction has begun on a Nesterovskaya-Malgobek pipeline. This will help provide water (and of good quality) to the population points of Sunzhenskiy and Malgobekskiy Rayons. It remains to build hydroelectric power plants on the Assa and the Alkhanchurtskiy Canal, and also a steam-gas electric power plant. Road construction is under way. A contract has been signed on construction of an international-class airport. It will be built and ready for business in a year and a half. Its traffic capacity is 200-300 passengers an hour, and the length of the takeoff and landing strip is 3,400 meters. The most modern airplanes will be able to land here. The capital of Ingushetia will be built, which, in R. Aushev's words, will be one of the most beautiful capitals in the North Caucasus.

The president of Ingushetia called upon journalists to promote the achievement of peace and accord in the region.

Tambov Harvest Yields 13-14 Quintals per Hectare
MM0108122095 Moscow ROSSIYSKAYA GAZETA
in Russian 1 Aug 95 p 2

[Report by Yevgeniy Pisarev: "Grain in Fields, Words in Offices"]

[FBIS Translated Text] Tambov Oblast — Harvesting has commenced in Tambov Oblast almost one month earlier than usual.

The drought has halved the harvest expected here.

This year, many combine harvester operators have driven new machines into the fields. The oblast has received 72 grain combine harvesters, mainly Don-1500's, which has made it possible to significantly reduce the load on harvesting equipment, which had already become excessive.

Harvesting of grain crops approached its peak at the end of July. By this time, the detachment of combine harvester operators had been reinforced, and they each threshed 5,000 tonnes of grain or more. At the same time the traditional large-group method of using equipment has not been forgotten.

The commodity credit granted by the government to acquire fuel and spare parts made it possible to carry

out spring field work on time although, incidentally, the funds spent on it were almost three times less than the amount demanded by desk-bound agrarians. The money received for commodities made it possible to begin harvesting without delay. Although certain farms are still experiencing a dearth of fuel, equipment is not standing idle.

Of course, the drought has affected yields. They have averaged 13-14 quintals per hectare.

Aleksandr Zaveryukha, vice premier of the Russian Government, visited Tambov Oblast at the height of the harvest campaign.

In conversation with specialists after visiting the fields of the "KIM" Limited Partnership in Nikiforovskiy Rayon, Aleksandr Zaveryukha reproached certain politicians who attempt from their offices in the capital to teach the peasant how to lead his life, and he voiced the hope that this time the people will elect more competent people to parliament.

Statistics Given on Crime Involving Foreigners
954F2924A Moscow KOMMERSANT-DAILY
in Russian 8 Jul 95 p 21

[Article by Sergey Sokovnin, under the "Foreign Crime in Moscow" heading: "Foreigners Have Begun To Be Beaten Less Often"]

[FBIS Translated Text] The investigations department of the Moscow GUVd [Main Administration for Internal Affairs] has analyzed crimes committed against foreign citizens living in Russia, and also statistics on the crimes committed by foreigners themselves. According to the statistics, the most widespread crime against foreigners is theft of property. It is usually tourists and businessmen from developed countries who are robbed. Subject to robbery with assault most often are Vietnamese, Chinese, and Mongolians. And these crimes, as a rule, are committed by their own countrymen.

Against Whom Are Crimes Committed

The chief of the Fifth Section of the Investigations Department of the Moscow GUVd, Yuriy Novikov, (the section specializes in fighting foreign crime) notes that foreigners more often become victims of crime than commit them themselves. In six months of 1995, 523 crimes were committed against foreigners, whereas they themselves broke the law only 323 times. Most often, it is representatives of developed countries who become crime victims. And Finns turn to the police more often than others—78 crimes were committed against them. After them come Americans—44 crimes—and Germans—38 crimes.

The most widespread crime against foreigners is theft. In half a year, they were robbed 304 times. It is automobiles that are robbed the most. From them are taken audio equipment and personal effects, and the rear-view mirrors are removed. Given the opportunity, the car itself is stolen. In Mr. Novikov's opinion, the foreigners themselves are to blame for this: They are constantly forgetting that they are not at home and leave their car doors unlocked. Climbing into them, a thief often finds valuable personal articles and large amounts of money inside. The police, of course, take the statement of theft and try to apprehend the crooks. However, notes Mr. Novikov, on leaving one's automobile, it should be borne in mind that in only 30 percent of the cases is it possible to find the thief. At the same time, foreigners are being beaten and mugged less often than last year. The number of foreigners murdered over the half-year has remained the same as during the corresponding period of 1994—seven.

Who Is Most Often Caught

According to policemen, the most criminally inclined community in Russia (among foreigners of the far abroad) are the Vietnamese. However, this is caused not by any peculiarities in their mentality, but rather by the large numbers of Vietnam natives who have settled in Russia. At one time they were brought to Moscow on contract for work at the capital's enterprises. However, notes Mr. Novikov, today the plants are standing idle, salaries are not being paid there, one has to live somehow, and returning home to Vietnam is not a tempting option. They like to live in Russia better (as do the Chinese and Mongolians, for that matter). Nor do our special investigative detention units frighten them: According to the Chinese and Vietnamese, in their homelands there are no fewer people in the prisons, but it is up to the relatives of those arrested to take care of their sustenance, and woe betide any who have not honored them while at liberty.

According to the official statistics, of the 336 crimes committed by foreigners in the capital, 129 were committed by citizens of Vietnam. Eighty-six crimes are attributed to Chinese, and about 20, to Mongolians and Turks. On the presence of stable criminal groups among the representatives of the "Far East communities" and Indochina, Yuriy Novikov at this point knows nothing. However, he did not rule out the possibility that with the increase in the number of foreigners arriving in Russia from these regions in the capital, "Vietnamese," "Chinese," and other criminal groups would appear. In any case, noted Mr. Novikov, the scope of their activity today is not comparable with the scale of crime among the natives of the near abroad and the North Cauca-

sus region. Incidentally, the newcomers from the East are also beginning to master a criminal business that was not characteristic of them previously—illegal operations involving foreign currency (precious metals) and the forgery of documents.

Acquired Skills Have Also Come in Handy in a Strange Land

In his homeland, 36-year-old Vietnamese citizen Buy Kuy Kom worked at processing gold and platinum from electronic parts extracted from American military hardware left over after the Vietnam War. These skills have come in handy in Russia as well. On arriving in Moscow, Buy Kuy Kom found four more skilled craftsmen and set up a cottage industry on processing precious metals from scrap.

In January 1995, near the Belarus Station, the Vietnamese citizens purchased some circuit boards. The process of retrieving the precious metals was organized at a private apartment: Buy Kuy Kom's partners in crime detached the gold-containing contacts from the boards, and Buy himself, with the aid of a burner, acids, and other necessary equipment, processed the scrap into gold. In all, he and his friends managed to cast only two ingots weighing 20 grams each. They did not have the opportunity of developing their production: Two days later, they were detained by police officers,

They were consequently charged according to Article 162-7.2 (illegal operations and deals with foreign currency). At the investigation, all five confessed to illegal trading. The organizer of the artel himself, Buy Kuy Kom, admitted that he had intended to sell the precious metal to certain Chinese. Investigation of the case continues.

The Passport Business

The section headed by Mr. Novikov has completed the investigation of a criminal case against a criminal group that was engaged in the systematic forgery of documents. As was established at the examination, three Vietnamese and a certain Yelena Budayeva, from whom the Vietnamese rented an apartment, counterfeited passports, filled out the visas in them, and also lengthened the period of their validity. The group also engaged in the systematic forgery of student identification cards of the Moscow Agriculture Academy imeni Timiryazev (MSKha), the Moscow Water Reclamation Institute, and the Moscow Communications Institute.

The group worked for a whole year: from September 1993 to September 1994. For their services, the criminals at first did not charge much: For the first 10 counterfeit Vietnamese passports, they charged \$1,000. Further, their prices rose. For the next seven passports, the

skilled artisans charged \$1,165, and the third time, for 11 passports—\$1,400.

The crooks were arrested after one of their clients was discovered with a false passport. All four were detained and charged according to Article 196 of the Russia's Criminal Code—forgery of documents. Subsequently the case, it is true, was dropped, as the Vietnamese were deported to their homeland.

Economic Issues

Minister Reports on 1995 Budget Implementation

MM0108143995 Moscow IZVESTIYA in Russian
1 Aug 95 p 1

[Unattributed report: "Budget-95: Unplanned Expenditure Turns Out To Be Greater"]

[FBIS Translated Text] Russian Federation Finance Minister Vladimir Panskov reported on the implementation of the budget for the first half of 1995 at a government session on Monday. According to INTERFAX, the minister announced that the budget for the first half of 1995 was implemented overall at the level of 97.5 percent.

At the same time he noted that "ruble financing of budget measures was implemented by 86 percent."

Commenting on this, First Deputy Finance Minister V. Petrov, stressed in an exclusive interview for INTERFAX that there were "strong words at the session about the fact that some types of expenditure envisaged by the budget have been financed at a particularly low level."

V. Petrov announced that this discrepancy is due to "unplanned expenditure," which was either not envisaged in the budget or on which it was proposed to spend less.

In particular, according to V. Petrov, army pay was financed by 109 percent, by introducing additional payments on top of salaries for all officers.

He also noted that "unplanned budget loans for restructuring and loans for Federation components" had been issued, this applying in particular to loans to provide education workers with pay before the vacation.

INTERFAX' information is that V. Panskov noted in his speech that there had been strong pressure from enterprises over the reduction of the overall money supply in the country. According to him, it is actually growing at a slower rate than inflation.

In his address to the session, Prime Minister V. Chernomyrdin suggested abolishing the practice of "reservation of funds to be issued as pay," which now constitutes 30 percent of all funds. According to him, this results in budget payment arrears.

According to V. Panskov, the Finance Ministry proposed the stage-by-stage abolition of the reservation system, in order to achieve a level of "reservation of five percent by a certain date." The stages are necessary in order not to increase nonpayments and the amount of pay owing.

The Finance Ministry also proposes carrying out this abolition differentially, splitting the enterprises into several groups.

Minister Panskov Says Privatization Income 'Minimal'

LD0108141395 Moscow Russian Television Network
in Russian 1000 GMT 1 Aug 95

[From the "Vesti" newscast; passages in quotation marks recorded]

[FBIS Translated Text] Finance Minister Vladimir Panskov has announced that, so far, the income from privatization has been minimal, contributing only 1 percent to the budget in the last six months. It is unlikely that the state will be able to collect the necessary 9 billion rubles but, it is possible to reach a figure close to that.

However, the state committee for the management of state property is not inclined to see this as a cash privatization fiasco.

[Sergey Belyayev, chairman of the State Committee for Management of State Property — identified by screen caption] "We forecast approximately this level of income from privatization in the first half year because, when the budget was being drafted, the orientation was primarily on the sale of shares in oil companies. However, the budget law prohibits the sale of oil company shares and, therefore, we obviously had to reorient our market."

[Announcer] However, the head of the state committee for the management of state property underlined that there is no blanket ban on the sale of oil company shares, only on large government packets of shares. A small number of shares from such giants as LUKoil, Sidanko, and Yukos will be sold at auctions in the autumn and they are expected to provide the lion's share of the income. Belyayev says that the almost zero result for the first half year is due to the sale of shares left over after the voucher privatization of rather inefficient enterprises.

However, a sharp increase in sales is expected in the autumn when the shares of more than 200 national companies will be put on the market. The list includes such giants as Gazprom, Rostelekom, and large forestry firms, as well as the Sheremetyevo and Vnukovo

Airports. Shares will be sold in both large and very small quantities. The population is deemed to be creditworthy and is expected to participate. However, foreigners are still in no hurry to join in.

[Belyayev] "We have calculated that foreign firms account for 25-30 percent of the market. Unfortunately, this is a very low figure."

[Announcer] Nevertheless, Belyayev believes that the 9 billion rubles promised for the state budget by the end of the year will be collected.

[Belyayev] "Of course we will do it."

[Announcer] It seems that Belyayev's calm is genuine. Otherwise he would not have taken a vacation for several months. Until December, Belyayev will head the electoral headquarters of the Russia Is Our Home bloc.

Customs Official Cited on Tougher Currency Controls

MK0108143695 Moscow SEGODNYA in Russian 1 Aug 95 p 7

[PRAYM report: "Strategic Commodity Exports Were Up 8 Percent During 1994"]

[FBIS Translated Text] Russian strategic commodity exports grew 8 percent in 1994, with hard currency receipts for these operations increasing by 60 percent. After the introduction of export control regulations in 1994, the country did not receive on time \$2.2 billion out of \$54 billion earned in exports. This is 12 percent of total exports (this figure should not exceed 10 to 15 percent under international norms). This was announced at a news conference Friday by Vladimir Meshcheryakov, deputy chairman of the Russian Federation State Customs Committee. The news conference was devoted to the signing of a new instruction "On the Procedure for Exercising Currency Control for the Validity of Foreign-Currency Payments for Imported Commodities." In his words, 2,500 checks were carried out during six months in 1995, which revealed 5,000 violations involving \$660 million. As a result of the checks, 1,300 suits were instituted.

According to information from commercial banks, between \$300 and \$400 million leave the country each month in advance payments for import operations, said Yevgeniy Ivanov, deputy chief of the Hard Currency Regulation and Hard Currency Control Main Department of the Bank of Russia, at the news conference. He advised that Central Bank specialists had circulated to some commercial banks copies of the draft instruction to see what they thought of it, and it met with their ap-

proval. At the same time, representatives of the State Customs Committee said that avenues have not been barred so far for the outflow of capital via export operations involving understated costs, barter, and export of services. For example, in 1994 the export part of barter exceeded the import part by more than \$370 million, Vladimir Meshcheryakov added. He also said that one should soon expect tougher rules as regards payments in rubles controlled by customs.

Pace of Economic Recession Increases in Jul

MM0208094695 Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 3

[Unattributed report: "Economic Outlook"]

[FBIS Translated Text] The pace of the recession in July increased compared with June this year, despite the fact that production was up in the construction industry and the food industry.

At the same time, the recession in machine-building slowed for the third straight month, despite the intensive curtailment of production in light industry. The overall production slump in the state sector was 8 percent.

Those were the main conclusions of a poll of the leaders of 317 industrial enterprises throughout Russia carried out by the Institute for the Economic Problems of the Transitional Period.

The positive trends noted in July include a slowdown in the rate of the decline in the level of solvent demand and price growth, a fall in the size of unsold stocks of finished output, and an improvement in the supply of raw and other materials to enterprises. Average enterprise capacity-utilization rates remained steady at 45 percent.

The prospects for employment in the wood processing, light, and machine building industries also improved.

Report Analyzes Jan-May Agrarian Sector Spending

MM2807134395 Moscow IZVESTIYA (Financial Section) in Russian 27 Jul 95 p 4

[Report by the Agrarian Policy Laboratory of the Institute for the Economic Problems of the Transitional Period: "Agrarian Sector Withstands Blow of Budget Restrictions"]

[FBIS Translated Text] Compared to previous years the first half of 1995 is notable for a more rational financial policy toward the agrarian sector. The proportion of the annual federal budget spent on agriculture dropped from 8.3 percent last year to 3.7 percent this year. At

the same time around 40 percent of this spending had already been made in the first five months of the year, that is, during the period of most intensive agricultural work. Last year over half of all budget agricultural appropriations were paid out in the fourth quarter. However, the optimization of budget funding for the agro-industrial complex hardly brought about a more successful sowing campaign this season. First, funds were mainly received in March when it was already too late to buy production systems for the sowing campaign; second, monitoring surveys shows that real receipt of these funds by manufacturers was still further delayed.

The results of the sowing campaign, which is virtually complete, show that, on the one hand, agriculture's grave financial position last year did not have the depressing effect on spring field work that agrarians themselves had predicted. On the other hand, further structural changes are taking place in the sector: The proportion of wheat is rising (owing to a reduction in forage crops and rye), and sowing of what is currently the most profitable crop — sunflowers — is still on the increase. Potato production in the public sector is continuing to fall. The expansion of the area sown to flax is an interesting phenomenon that can be regarded as a response to the dramatic decline in the profitability of livestock farming in areas where this crop is traditionally cultivated — flax farms which switched to dairy farming a few years ago are now being

forced to change again. It is also quite possible that the expansion of the labor-intensive flax crop is due to the growing latent unemployment in the countryside.

In the sphere of state agrarian policy one should note that the State Duma has virtually overturned the president's "veto" on the Law on Agricultural Cooperation. As regards the subsequent development of agrarian reform that means the complete revision of everything that has been achieved in the sphere of land reform. The law virtually eliminates the right of owners of land to receive land in kind for their own farms. What is more, the right to bequeath this land is being reviewed. Thus, the agricultural land market that had just begun to take shape is proving impossible.

Monitoring of food prices has not shown them to be responding to the introduction of VAT on imported food or to the approach of the day when customs duties on a number of commodities are to be increased. On the other hand, restrictions on movement between regions of the country due to the worsening of the Chechnya crisis will most likely affect the prices of fruit and vegetables (and possibly certain other commodities) in central parts of the country.

[All spending figures in the following table are in billion rubles; all percentages are percentages of the year in question unless otherwise stipulated]

Federal Budget Expenditure on Agriculture and Fisheries in January-April 1994-1995

(Spending under the "Agriculture and Fisheries" section of the budget minus agro-industrial complex spending under other budget headings)				
	1994	1994 As Percentage of GDP	1995	1995 As Percentage of GDP
Total annual spending	12,171*	1.93	9,315**	—
Percentage of total budget spending	8.3	—	3.7	—
January	34	0.13	33	0.04
Percentage	0.3	—	0.4	—
February	149	0.31	398	0.25
Percentage	1.2	—	4.3	—
March	72	0.26	1,535	0.70
Percentage	0.6	—	16.3	—
April	220	0.33	351	0.61
Percentage	1.8	—	3.8	—
May	242	0.38	1,400	0.7

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(Spending under the "Agriculture and Fisheries" section of the budget minus agro-industrial complex spending under other budget headings)				
Percentage	2.0	—	15.0	
January-May	717	—	3,700	—
Total				
Percentage	5.9	—	39.7	—

(* — implementation; ** — under the Law on the Budget)

Sources: Estimates based on Russian Federation Finance Ministry and State Committee for Statistics figures and the "Law On the 1995 Federal Budget."

Government Policies Seen as Key to Stabilization

954E1204B Moscow *FINANSOVYIE IZVESTIYA*
in Russian 25 Jul 95 p 4

[Article by Vladimir Mau, deputy director of the Institute of Economic Problems in the Transition Period: "Progress in Financial Stabilization Depends on Government's Political Responsibility"]

[FBIS Translated Text] Macroeconomic problems, and especially exchange rate problems, have ceased to be just a concern for groups of politicians and professional economists. This does not refer to Russians' idle curiosity, of course. Russian society, in its basic characteristics, is really becoming a market society. It is moving forward in the direction chosen at the end of 1991, despite all the difficulties and conflicts in this movement. The keen interest of ordinary people in these problems makes it possible to draw two important conclusions about the nature of market reforms in Russia and the prospects for its development.

First of all, the people have monetary assets that they want to protect from devaluation. There are real domestic accumulations, and when the macroeconomic situation is favorable and adequate financial institutions are available, these accumulations may be rapidly turned into investments.

Second, a middle class, which guarantees the steady functioning of a market economy, is being formed. It is precisely the middle class, the majority of the population, which is the most important element in the process of accumulation, and its assets become the deciding factor for economic growth in a market economy.

Reasons for the Situation Which Has Taken Shape

There has been a decline in the dollar's exchange rate in the Interbank Currency Exchange since May. This situation has caused confusion and misunderstanding among numerous economists, not to mention ordinary

Russians, who have become accustomed to putting their savings in foreign currency. The impression is created that not even the executive authority was prepared for this turn of events. It needed too much time to make a decision that was absolutely natural and essential—the setting of limits in exchange rate fluctuations—and these very limits seem to be too broad.

As a matter of fact, the situation in the currency market was completely predictable as far back as the end of March and early April, when it was revealed that the Central Bank and the government are conducting a strict macroeconomic policy. The fundamental economic laws operate in both directions. While an increase in the supply of uncovered money leads to a decline in the ruble's exchange rate, and later even to accelerated inflation (with the appropriate interval), reducing the "money production" has the reverse effect—first the exchange rate is stabilized, and later, other conditions being equal, inflation slows down as well. However, one unknown factor remains: a temporary lag between the beginning of a responsible macroeconomic policy and positive shifts in the economy. This lag is flexible; it depends on many factors and is unequal with respect to the dynamics of the exchange rate and the dynamics of prices.

What is taking place now is not something fundamentally new for Russia in recent years. Something similar took place in February and March 1992, right after prices were liberalized, when the strict financial policy of Ye. Gaydar led to a nearly twofold decline in the dollar's market exchange rate compared with December 1991, and inflation revealed the first signs of the decline. At that time this was the market exchange rate of the ruble, in the full sense of the word, unlike the current situation, when the results of trading in the MMVB [Moscow Interbank Currency Exchange] are controlled practically entirely by the Central Bank.

The strict financial policy of the first quarter did not permit the budget deficit to be covered by the government's borrowings in the Central Bank. An increase in the norms of reservation for commercial banks prompted the major banks to expand active

transactions at the cost of dropping part of the foreign exchange and by not raising the interest rate. This is a hypothesis, but if it is proved in the future, this will mean that a real stratification of the banks has taken place, and the conduct of the largest and most promising ones has changed substantially. Owing to the significant increase in operations, they have begun to be oriented toward increasing the supply of profit, but not its rate.

Finally, actions in the currency exchange by the Central Bank itself, in a sense, provoked the beginning of the declining trend in the dollar's exchange rate. When the Central Bank permitted the exchange rate to fluctuate continuously instead of emphasizing a smooth trend toward stabilization of the rate in April, it disoriented economic representatives.

Merits and Drawbacks of the Situation That Has Taken Shape

In practice, stabilization and strengthening of the ruble's exchange rate means an influx of capital into the country. For several years Russia suffered from the flight of capital, but the capital flight is not simply the theft of money or even placement honestly in foreign bank accounts. Capital flight is expressed most graphically in the dollarization of the domestic economy, in the influx of billions and billions of dollars in cash (which were literally brought here by aircraft). After all, this is nothing but extension of credit to the U.S. Government, which can print money without fear of inflationary consequences for the national economy of the United States. Now capital is acquiring ruble form and hence it is accumulating in Russia.

The dedollarization and influx of capital means that a surplus of money obtained by noninflationary means is being formed. The prerequisites are thereby created for cheapening credit, reducing the effectiveness of purely speculative transactions in the financial sector, and increasing the attention of financial institutions in investment in production sectors. If this situation continues for a sufficient period of time, we may predict reorientation of banks' financial activity in the direction of production and an increase in the growth of investment companies in the domestic economy.

We predict growth in the stock market and its emergence from the depression in which it found itself in the fall of 1994. This presupposes a stronger influx of foreign capital, primarily portfolio investments. However, the latter has a very strong non-economic limitation associated with the prospects of parliamentary elections, and especially presidential elections, in Russia. For this reason, the government's expectation of almost an investment boom seems to be excessively optimistic.

The decline in the dollar's exchange rate and the cheaper imports associated with it may have a very beneficial effect on the condition of domestic industry. The point is that many of our sectors are very dependent on deliveries of foreign capital goods (machinebuilding and chemical and other raw materials). Cheaper imports will be a beneficial factor for their possible increase.

At the same time, the current macroeconomic situation also presents a number of problems whose solution depends entirely on the executive authority's activity.

The increase in the ruble's exchange rate improves the effectiveness of import operations and reduces the competitiveness of domestic producers in the internal market. There is a powerful lever in the form of import duties to protect them, of course, but they must be able to make use of them very carefully by orienting themselves not so much toward fiscal problems (providing income for the budget) as toward the maintenance of a competitive environment in the domestic market; that is, the optimal balance must be found in which import duties are not prohibitive for imports (as the most important source of competition and price moderation in the highly monopolized domestic economy) and stimulate the development of domestic production at the same time.

The position of exporters—their competitiveness in the foreign market—is deteriorating. Meanwhile, this problem is being resolved by reduction of export duties, which in itself is a positive factor which contributes to the liberalization of foreign trade and improvement in its effectiveness. Other measures which are now being developed to support domestic exports will be operating in the same direction.

We can also expect deterioration of the country's balance of payments situation, inasmuch as the attractiveness of imports (and especially imports of capital goods) will have a substantial effect on an increase in the latter.

Imports of capital goods may put those domestic machinebuilding enterprises (primarily the converted enterprises) which have already begun adapting to real market demand in an exceptionally difficult position; they have found their "niche" in the new economy and are now in the process of restructuring their production base in order to meet the potential investment demand from raw material and processing sectors. The influx of relatively inexpensive foreign equipment will be a hard blow for them, but consumers' rejection of equipment for machinebuilding output and high-quality foreign equipment is hardly wise, either. A very careful, balanced policy by federal authorities is required here.

The Exchange Rate, Inflation Problems, and the Dangers Lying in Wait for the Government

We often hear that the rapid increase in the money supply (M2) taking place as the result of the Central Bank's ruble interventions may become a factor in speeding up a rise in prices and the next "black Tuesday," whose consequences may be even worse than in 1994.

Indeed, the ruble money supply has been increasing at a rapid pace lately, but this in itself is not an inflationary factor in its pure form. M2 is increasing this year not because money is being injected into the economy but because one currency has been substituted for another (dollars for rubles), which does not have such obvious consequences as an increase in the budget deficit, for example.

On one hand, the increase in net domestic assets over the past few months is exceptionally small, but this is the indicator that is most important for activating inflation and subsequently bringing down the ruble's exchange rate. It may be assumed that by selling dollars, agents in the market are changing the form of their savings by switching from American to Russian currency. This means monetarization of the GDP. The proportion of the monetary component in Russia's GDP at present is really small—roughly 10 percent—whereas it is about 25 percent in Poland, over 50 percent in Hungary, and about 80 percent in the Czech Republic.

On the other hand, the circulation of rubles is substantially higher than that of dollars, and one way or another, an increase in the money supply is the reason that inflation at present is higher than predicted by the government. This applies to any national currency. For example, it is not without reason that, despite the fact that the dollar's decline with respect to the yen has worsened the competitiveness of the Japanese economy, the Japanese Government has not proceeded to support the dollar by large-scale interventions in the Tokyo exchange, fearing that inflation would go out of control.

Moreover, according to different assessments, currency is being sold at present mainly by enterprises and organizations (primarily exporters), while most of the public is in no hurry to change their dollars to rubles. If this situation changes radically, however, and people begin getting rid of their dollars, we can predict a sharp destabilization of the currency market and then a rise in inflation, especially in the consumer market. This will lead in time to another decline in the ruble.

The principal task facing the government is to actively utilize reliable financial institutions where ruble savings could be attracted. This may include banks (primarily

the Sberbank [Savings Bank]), securities (primarily state securities), and other instruments. There is not a large choice now, and what exists is not highly attractive. After the financial scandals of 1994, confidence in private institutions (banks, shares of stock in private firms) remains severely undermined, but state financial instruments are especially attractive at present.

This applies both to public money and the assets of economic agents, but the problem of the public's savings may prove to be especially critical in the near future. It is important to prevent flight from the dollar and to provide a profitable means—something the people understand—for protecting their monetary assets (chiefly dollars) from devaluation. The Ministry of Economics proposals on organization of a state domestic currency loan (for which real interest would be paid) is entirely reasonable. A number of similar decisions are also needed to combine the money of enterprises.

The government's conduct of a consistent, predictable monetary policy is another most important factor. In order to keep the situation under control, the government and the central banks may conduct practically any policy—to provide for a stable relationship between the ruble and the dollar, to lower the ruble's exchange rate in accordance with inflation, and even to increase the ruble's exchange rate, but the main point is that it should not be done, since this will permit strong fluctuations in the exchange rate and frequent reexaminations of the economic policy decisions that were made, especially as the currency resources of the Central Bank make this entirely possible.

Fixing a "corridor" to change the exchange rate is a step in the right direction for this reason, but the government and the Central Bank should not stop after doing this. The possibility of reviewing the limits after 1 October automatically puts an end to most of the tension, inasmuch as the efforts of all kinds of currency players will be concentrated on this date, which will make destabilization nearly inevitable. For this reason, it is expedient to take the following steps in the very near future: extend the "currency stability" period, narrow the corridor of exchange rate fluctuations, and prepare for what is probably the most responsible decision—tying the ruble to one of the stable world currencies or to a basket of them.

Different alternatives in choosing the base currency are possible here. The dollar, as the most widely distributed foreign currency in Russian territory at present, is the most attractive, especially as the declining trend of the dollar in world currency markets, if it is maintained, will be beneficial from the standpoint of our foreign trade balance. Israel achieved a similar effect very

successfully at one time in conducting a stabilization policy. Use of a certain basket of currencies is possible. Finally, it is possible to tie the ruble to the ECU [European currency unit], which would be an effective gesture toward states in the European Union. These questions need to be specially analyzed, including a forecast of the behavior of various currencies, but solutions for them must not be postponed.

There are also a number of political problems lying in wait for the executive authority's stabilization policy.

First of all, attempts by the radical opposition of the nationalist and communist persuasion to destabilize the situation are quite likely. Stabilization and a policy of growth are dangerous for them, since they undermine their opportunity to come to power legally. Experience in a number of countries shows that a breakdown into the most severe economic and political crisis often takes place when the principal economic problems appear to have been resolved or nearly resolved. The reformers' vigilance seems to relax precisely at this moment. The most recent example of this is Yugoslavia, where on the eve of its collapse and the start of the war, a successful economic reform had been conducted by Premier Markovich and numerous problems that had accumulated in the Yugoslav economy during the previous socialist development were resolved. Among the other problems capable of destabilizing the economic situation in the months ahead we should single out the election campaign and V. Chernomyrdin's active participation in it. The government is especially sensitive to lobbying before the elections. The support of regional authorities and especially large commercial structures is not guaranteed automatically by "the government party" being formed ("Russia Is Our Home"), but it depends to a large extent on the degree to which the NDR ["Russia Is Our Home"] satisfies the financial appetites of its partners and supplies them with the principal thing they want—cheap money.

There are two reassuring factors. First of all, the economic (reform) bloc of the government appears to have

kept itself aloof demonstrably from the election games, which was shown especially clearly in A. Chubays' statement about suspending his participation in all public political organizations in order to concentrate on the solution of economic reform tasks.

Second, the most influential lobbyists (and these are the agrarians and some entrepreneurs, as the experience from 1992 to 1994 demonstrates) have found themselves in the position of political opposition to the premier, despite direct participation by their representatives (the Agrarian Party, for example) in the government, but this may be said about a substantial proportion of enterprises in the military industrial complex—the inefficient enterprises in the VPK [military industrial complex], which have no place in a stable market economy and which long ago ceased to look upon V. Chernomyrdin as "their man." Support for this kind of lobbyist would mean the premier's support for his own opponents in the election race and giving the latter the chance to demonstrate their strength.

The end of summer and the beginning of fall, when the seasonal payment of monetary assets peculiar to our economy may be added to the difficulties likely in receiving income from state securities, will be extremely hard for the government. A great deal of inventiveness and political courage will be required to avoid inflationary financing of state budget expenditures once again. The government will have to make up its mind (or decide not to) on a decisive reduction of the budget deficit and an appropriate decrease in the growth of the domestic debt. Failure to take these steps is especially dangerous, since destabilization will be most critical during elections to the State Duma.

We cannot speak about the fatal inevitability of one course of events or another. Everything, or almost everything, depends on the government's actions in the overall political situation in the country.

International Affairs

Serbian Prime Minister Arrives in Kiev 1 Aug

LD0108113495 Kiev UNIAN in Ukrainian
1030 GMT 1 Aug 95

[FBIS Translated Text] Kiev — At 1100 on 1 August, a Yugoslav government delegation, headed by Serbian Prime Minister Mirko Marjanovic, arrived in Kiev. The purpose of the delegation's visit is to sign two Ukrainian-Yugoslav intergovernment agreements: one on trade and economic cooperation and one on the creation of an intergovernment Ukrainian-Yugoslav commission on issues of trade and economic and scientific and technical cooperation.

These documents will be signed by Ivan Kuras, deputy prime minister of Ukraine for humanitarian policy issues, for the Ukrainian side, and by Nikola Sainovic, deputy FRY prime minister, who is also a member of the delegation, for the Yugoslav side.

On the same day Prime Minister Yevhen Marchuk will hold a meeting with Mirko Marjanovic and Nikola Sainovic.

Foreign Ministry Official on Visit

LD0108164195 Moscow INTERFAX in English
1527 GMT 1 Aug 95

[FBIS Transcribed Text] Kiev, Aug 1 (INTERFAX-UKRAINE) - Bilateral relations are central to Serbian Prime Minister Mirko Marjanovic's visit to Kiev, a Ukrainian foreign ministry official has said. Head of the foreign ministry's information department Yuri Sergeyev said that the visit, which began Tuesday, would focus on bilateral relations, in particular those in the economy, and on political consultations.

Sergeyev said that Ukraine regarded Yugoslavia as a major trading partner and a potential market for Ukrainian goods and investments.

During his visit to Kiev, Marjanovic will discuss economic cooperation with Ukraine in such industries as machine-building, ferrous and nonferrous metallurgy, electronics, ship-building, construction, farming and consumer goods.

Kiev and Belgrade will also discuss the outlook for wider cooperation in transport, for instance, in modernizing the Danube transportation network.

Two documents are going to be signed: an intergovernmental agreement on trade and economic cooperation and an agreement on forming an intergovernmental commission on trade and on economic, scientific and technological cooperation.

Sergeyev said that during political consultations Ukraine would brief Yugoslavia in detail on its attitude to settling the Balkan crisis and the role of the UN peacekeeping force in it.

Kiev Supports Lifting Sanctions

LD0108175795 Moscow ITAR-TASS in English
1734 GMT 1 Aug 95

[FBIS Transcribed Text] Kiev, August 1 (ITAR-TASS) — Ukraine stands for broader cooperation with Serbia and is interested in lifting international sanctions from Belgrade, Ukrainian Prime Minister Yevheniy Marchuk said on Tuesday [1 August] during a meeting with his visiting Serbian counterpart Mirko Marjanovic.

Summing up the results of the first day of Marjanovic's visit, Marchuk's deputy Ivan Kuras told a news conference that Ukraine has already lost over 5 billion dollars because of the sanctions. However, "Ukraine, as a U.N. member, accepted international obligations and is not going to violate them," Kuras noted.

According to Kuras, inter-governmental accords were signed today, including agreements between Kiev and Belgrade on trade and economic cooperation and on forming a joint commission to boost trade and scientific relations.

"We must work for the future. Sanctions are not forever," Kuras said, adding that so far "Ukraine is going to broaden cooperation with Serbia in humanitarian fields, which does not contradict international norms."

Udoenko Suggests Mediation Talks in Kiev

LD0108191095 Moscow INTERFAX in English
1810 GMT 1 Aug 95

[FBIS Transcribed Text] Kiev, August 1 (INTERFAX - UKRAINE) — Yugoslavia welcomed the proposals made by the Ukrainian delegation at the London meeting of the contact group in July, Ukrainian Foreign Minister Hennadiy Udoenko told INTERFAX - UKRAINE.

Ukraine had suggested mediation in talks between all the warring parties. Udoenko believes that the talks could be held in Kiev.

He said that he will discuss this issue with his Serbian counterpart Wednesday.

Udoenko added that Ukraine's advantage over other countries interested in ending the conflict is that it has something to offer to both Serbs and Bosnians. In his words, Serbs are aware of that.

Marjanovic Assesses Moves To Lift Sanctions

LD0108184495 *Moscow INTERFAX in English*
1735 GMT 1 Aug 95

[FBIS Transcribed Text] Kiev, Aug 1 (INTERFAX - UKRAINE) — Bilateral agreements on trade and economic cooperation and on the forming of an intergovernmental commission will be signed Tuesday evening in the framework of an official visit paid to Ukraine by Serbia's Prime Minister Mirko Marjanovic.

As Ukraine's Deputy Foreign Minister Vladimir Khandogiy told INTERFAX, Kiev "will not violate the regime of UN sanctions against Belgrade" by signing such agreements.

"We are laying legal foundations, which will be used as soon as the sanctions are lifted," the Ukrainian diplomat pointed out.

For his part, when talking with journalists upon his arrival in Kiev, Serbia's prime minister said he is confident that the international sanctions imposed against his country will be lifted "soon enough", if all members of the Contact Group for Bosnia (INTERFAX's note: Russia, the USA, Britain, France and Germany) exert their efforts accordingly.

Having described Yugoslavia (Serbia and Montenegro) as the bulwark of peace in the Balkans, Marjanovic pointed out that his country accepted all conditions made by the Contact Group.

He thanked Ukraine for its efforts aimed at lifting international sanctions imposed against Yugoslavia.

According to Marjanovic, cooperation between Ukraine and Yugoslavia, above all economic, has great prospects.

During his stay in Kiev Marjanovic will have talks with Ukrainian government members and confer with President Leonid Kuchma.

Kuchma Offers To Send Peacekeepers to Nagorno-Karabakh

AU0108134395 *Kiev HOLOS UKRAYINY*
in Ukrainian 29 Jul 95 p 1

[Unattributed report: "Leonid Kuchma's March on the Caspian Region Has Been Successful. For Both Countries"]

[FBIS Translated Text] Ukrainian President Leonid Kuchma's visit to the Republic of Azerbaijan has ended.

The two expanded delegations held official negotiations. The sides discussed issues of international policy, regional problems, as well as relations between Ukraine

and Azerbaijan in all directions. It was pointed out that the positions of the states are similar on many issues.

Leonid Kuchma met with leaders of the Azerbaijani state and of foreign oil companies. Possibilities were discussed for joint development of oil and gas fields, including those in Ukraine. It was pointed out that Azerbaijan's specialists have a great experience in extracting oil and gas both on dry land and in the sea. They are ready to help Ukraine in exploration work on its part of the Black Sea Shelf.

Azerbaijan, in turn, would like to receive Ukrainian compressors, pumps, and other equipment in exchange for petroleum products. It was decided to draft a separate document on such cooperation.

The presidents of the two countries also met with refugees. Leonid Kuchma stated that the refugee problem needs to be resolved within the framework of the OSCE. He stressed that Ukraine is ready to send its peacekeeping contingent to the zone of the Azerbaijani-Armenian conflict.

Odessa Port Proposed To Export Azerbaijani Oil

MK0108091495 *Moscow KOMMERSANT-DAILY*
in Russian 29 Jul 95 p 9

[Unattributed report: "Yet Another Option for Transporting Azerbaijani Oil Proposed"]

[FBIS Translated Text] Ivan Dadiverin, chairman of the board of the Ukrzagranneftegazstroy company, in Baku as part of an official Ukrainian delegation, said that it would be advisable to export Azerbaijani oil to the West via Ukraine both at the initial and main stages of oil field development. In his words, crude oil could be shipped from Baku to Odessa via Poti. For this to be done a pipeline from Ali-Bayramly to Poti should be built. Furthermore, oil would be shipped by tankers to the port of Odessa. The cost of the project is estimated at \$1-1.1 billion. Dadiverin thinks this to be the shortest route to export oil from Baku to the West. He estimated the capacity of a projected pipeline at 30 million tonnes a year and emphasized that Ukraine would undertake to build such a pipeline with a diameter of 1,020 mm on its own. Talks on the matter with Georgia have already taken place, and now consultations with Azerbaijan are beginning. Experts estimate Ukraine's net profits from the transit of oil if this project is realized at \$500 million a year.

Marchuk, IMF's Fischer Meet To Further Cooperation

LD0108221095 Kiev Radio Ukraine World Service in English 2100 GMT 1 Aug 95

[FBIS Transcribed Text] We are satisfied with our cooperation with Ukraine, Stanley Fischer, deputy managing director of the International Monetary Fund [IMF], said at the meeting with Ukrainian Prime Minister Yevheniy Marchuk. Stanley Fischer is on a three-day visit to Ukraine. The aim of the visit is to study the implementation of reforms in our country, in part in the financial sphere, as well as to get information on what aid Ukraine needs from the International Monetary Fund.

The IMF is satisfied with the obtained results of the economic reforms in Ukraine, Mr. Fischer emphasized. I am personally glad I was involved in granting Ukraine the stand-by credit, said Stanley Fischer.

On his part, Ukrainian Prime Minister Yevheniy Marchuk thanked the IMF for granting the credits and for help in the form of consultations. It is also of great significance for our state which is just starting to implement reforms, he said.

During the meeting, the parties discussed a wide range of issues pertaining to the analysis of the results of cooperation between Ukraine and the IMF, as well as its prospects.

On 1 August, Stanley Fischer also held meetings with Acting Deputy Prime Minister of Ukraine Viktor Pynzenyk, Deputy Prime Minister Roman Shpek, and Chairman of the Board of the National Bank of Ukraine Viktor Yushchenko. Under discussion was an issue of extending cooperation between Ukraine and the IMF.

Kuchma Meets With IMF Official

LD0108165595 Kiev UNIAN in Ukrainian 1415 GMT 1 Aug 95

[FBIS Translated Text] Kiev — For the most part Ukraine is abiding by the terms of the memorandum between the government and the International Monetary Fund [IMF], Ukrainian President Leonid Kuchma said during a meeting on 1 August with Stanley Fischer, deputy managing director. "There are some deviations from the program of economic reforms — for the moment they are sideways rather than backwards," the Ukrainian president said. He noted that it was necessary to work out who the guilty ones were.

According to Leonid Kuchma, Ukraine has no other choice but to begin the program of economic reform.

Protest Note Over Black Sea Fleet Celebrations

LD0108121095 Kiev UNIAN in Ukrainian 1110 GMT 1 Aug 95

[FBIS Translated Excerpt] Kiev — The Ukrainian Foreign Ministry is preparing a note of protest to Russian Federation leadership regarding the 30 July events in Sevastopol. Yuriy Serheyev, head of the [Foreign Ministry's] information department, told journalists during a briefing at the ministry that joint celebrations to mark the Day of the Black Sea Fleet and the Ukrainian navy were scheduled to be held in Sevastopol. However, despite the agreement, just before the beginning of a joint meeting to mark the occasion the Black Sea Fleet command refused to hold a meeting and the parade could be described as a parade of the armed forces of Russia.

On top of all that, Ukrainian Navy commander Volodymyr Bezkorovaynyy was not allowed to join the others at the central rostrum. This was explained in the words of the past: You are not on the list.

The speech by Black Sea Fleet commander Admiral Eduard Baltin was no less amazing: ignoring the existing agreements on the future of the Black Sea Fleet and the messages of greeting from the presidents of Ukraine and Russia, which express resolute readiness to solve as soon as possible the Black Sea Fleet issues, he persistently declared the unity and integrity of the fleet and the inadmissibility of dividing the fleet on nationality principles.

After that speech the Ukrainian delegation left the central rostrum. [passage omitted]

Mr. Serheyev described this conflict as an example of an unfriendly and disrespectful attitude to the side which jointly owns the fleet.

Legislative Commission: Black Sea Accords 'Violate' Law

WS0108132495 Kiev UKRINFORM in English 0920 GMT 31 Jul 95

[From the "Current Events" feature]

[FBIS Transcribed Text] As reported by UKRINFORM's parliamentary correspondent, the Ukrainian Verkhovna Rada [Supreme Council] commission on privatization has concluded deliberations on the Russian-Ukrainian agreement on the Black Sea Fleet signed recently in Sochi. The commission has sent copies of its conclusions to Ukraine's President Leonid Kuchma, Prime Minister Yevhen Marchuk, and Ukrainian Verkhovna Rada Chairman Oleksandr Moroz.

While studying the document, the commission noted that its articles 1, 3, and 5 violate Ukrainian legislation, and warned that any attempt to implement them will lead to consequences stipulated by the Ukrainian law.

The commission stressed that entities of the executive branch of the Ukrainian government and government officials, including Ukrainian President Leonid Kuchma, do not have the right to dispose of or transfer Ukrainian government properties to other countries, legal or physical persons in any manner other than the one stipulated by the Ukrainian legislation.

Members of the commission carried out a detailed analysis of articles 1, 3, and 5 of the document which stipulate division of the defunct Soviet Union's assets between the Ukrainian and Russian governments. The commission noted that the establishment of the Russian Black Sea Fleet and the Ukrainian Navy was based on such a division.

The commission also stressed that Ukraine's position during the signing of international agreements are regulated by the Declaration of Ukraine's Sovereignty and a series of other laws which stipulate, in part, that land and the mineral resources contained in it, air space, water, and other natural resources on its continental shelf, etc. located on Ukrainian territory belong to the people of Ukraine. The commission further stated that the Vienna Convention on issues of inheritance of government assets, archives, and government debts stipulates that assets and financial resources of enterprises, organizations and other objects which belonged to the defunct Soviet Union and located on the Ukrainian territory are properties of the Ukrainian government.

The commission concluded that entities of the executive arm of the Ukrainian government, government officials, including Ukrainian President Leonid Kuchma, who are guarantors of observance of the Ukrainian Constitution, do not have the right to dispose of Ukrainian property in any other manner apart from that established by Ukrainian legislation.

Economic Delegation Visits Japan

LD0108222395 Kiev Radio Ukraine World Service
in English 2100 GMT 1 Aug 95

[FBIS Transcribed Text] As reported by the press service of the Ukrainian Foreign Affairs Ministry, a Ukrainian delegation led by Ukrainian Presidential Adviser on Foreign Economic Issues Oleh Popov arrived in Japan on 30 July. Other members of the delegation include government experts, businessmen, and directors of several Ukrainian industrial enterprises. The aim of the visit is to discuss ways of implementing the agreement

signed between Ukraine and Japan during Ukrainian President Leonid Kuchma's visit in March of this year.

The program of the visit includes meetings and talks with officials at the Japanese Foreign Affairs Ministry, International Trade and Industry Ministry, Finance Ministry, and other institutions. Issues to be discussed include realization of joint projects in the engineering and communications sectors, reconstruction and modernization of Ukrainian metallurgical and chemical enterprises, as well as trade and economic cooperation.

The delegation will conclude its visit on 4 August.

National Affairs

Deputy Urges 'Democratic Opposition' to Power

AU0108162395 Lvov ZA VILNU UKRAYINU
in Ukrainian 22 Jul 95 p 2

[Interview with Volodymyr Chemerys, Ukraine's people's deputy, representing Lvov Oblast National Democrats, by Andriy Hanus; place and date not given: "National Democrats Are Making a Blunder by Blindly Supporting the President"]

[FBIS Translated Text] Information appeared in the Lvov press to the effect that, unlike the majority of National Democrats representing Lvov Oblast in the parliament, Volodymyr Chemerys voted against the Constitutional Accord between the Supreme Council and president of Ukraine. At first glance, the situation seems to be rather strange and, for that reason, our correspondent met with the people's deputy.

[Hanus] Mr. Chemerys, how do you assess the present Ukrainian leadership in terms of the Constitutional Accord norms?

[Chemerys] In two ways. On the one hand, a constitutional crisis has been warded off, and this might seem a very good thing. However, on the other hand, this is an absurd situation: Instead of being a counterbalance to the president's dangerous steps, the people's deputies have in fact no possibility of influencing Leonid Kuchma's policy. Moreover, they are even answerable for his actions, since the parliament has granted the presidential administration powers that may, without exaggeration, be characterized as dictatorial. I stress this because the day after signing the Constitutional Accord, Kuchma agreed in Sochi to all of the Russian demands regarding the Black Sea Fleet and Sevastopol.

[Hanus] Perhaps those who voted "in favor" did not expect this?

[Chemerys] Yes, they were perfectly aware of everything. Because those who are now enthusiastically defending the president and his team, said last year that Kuchma was a greater evil than the Communists. After the presidential elections, there was a presidential edict on the financial-industrial groups that put the Ukrainian industry into Moscow's hands, accords on the joint air force area, on the "zero variant" in the division of debts, on the Interstate Economic Committee, and on the transfer of the controlling block of shares of Ukrainian oil and gas enterprises to the Russian "Gazprom" [Gas Industry Association]. The Sochi agreement is a logical result of the president's activity. One had to be blind not to see this. I sincerely sympathize with those leaders of Rukh [Ukraine's People's Movement for Perestroika] who, after the signing of the agreement, expressed confidence that, having achieved full power, the president would stand up for Ukraine's national interests. Now, just to save face, L. Kuchma's henchmen state that the Sochi agreements are too general and that it is not yet time to draw conclusions. Yet, in Sochi, the main step was taken: Sevastopol was given to Russia, and Ukrainian Naval Forces will no longer be based in the city. There may still be talks on terms for the deployment of Russian troops there, and the price may be a subject of bargaining, but neither millions of dollars, nor billions of Russian rubles will compensate for Ukraine's strategic defeat. Ukraine is simply surrounded by Russia's strategic bases: The Crimea, Tiraspol, Belarus, and Russia itself.

[Hanus] How would you explain the motivations of those who voted "in favor" and your own motivations — for you voted "against"?

[Chemerys] Let us distinctly specify who voted "in favor" and who — "against," and draw conclusions. A few Communists and 50 percent of Socialists, including [parliamentary speaker] Moroz, supported the accord with the president. Ten deputies, who do not side with the left wing, voted against. An even larger number of right-wing deputies did not take part in the voting, abstained from voting, or were diplomatically absent from the audience during the voting. I did not want to conceal my position in that manner. Everybody knew the results of the voting well in advance, knew that the majority feared a plebiscite, and that enormous pressure had been exerted upon those who hesitated. My vote would not decide anything — I might go out for half an hour to avoid the voting and would not get into any trouble. However, I had to state my position, because one must stick to principles in politics. During the election campaign, I declared my position with regard to the Kuchma team and could not give it power through my vote irrespective of whether my constituency under-

stood my motivations or not. I am convinced that I am right and will continue to stand up for my principles. I am particularly concerned about those representatives of National Democrats who, in exchange for their minor posts (such as minister of sports and so on), are ready to support [Dmytro] Tabachnyk's [head of the Presidential Administration] "Komsomol" [Young Communist League] team. Those who condemned Kuchma yesterday praise him to heaven today, and will, tomorrow, curse him again.... If Moroz becomes the next president, they will support Moroz just as much out of consideration for their own careers.

[Hanus] Therefore, you are putting yourself into national democratic opposition to the president, whereas the majority of National Democrats support him?

[Chemerys] I believe that National Democrats are making a serious blunder by blindly supporting personalities — even presidents Kravchuk or Kuchma. We confront Ukrainians with a choice: The power party — Democrats (they support the president) or opposition — Communists. We are losing. We must wean ourselves from the diapers of political dilettantism and realize the urgent need for democratic opposition. Such opposition is necessary for two reasons. First, a democratic opposition must oust Communists from the political arena primarily in eastern regions. Instead, we keep fighting among ourselves in Galicia in giving preference to a "state-builder president" or a "reformer president" while surrendering the Ukrainian east, which is in opposition, to Communists.

Second, a strong, well-organized, and sharp-tongued opposition may be able to prevent such things as Sochi accords from happening. We lacked such opposition under Kravchuk and do not have it under Kuchma. At the same time, such democratic opposition cannot be destructive. A Ukrainian president, no matter what he is like, is, primarily, a Ukrainian president; a government is primarily a government, and a parliament is a parliament. We must instill respect for all of our state institutions in the peoples' minds, or otherwise we will undermine the foundations of the Ukrainian state. After 240 deputies of various political denominations voted for the accord, I signed it, because when a decision has been approved by the majority, it must be fulfilled, whether one likes it or not.

[Hanus] Many people explain the need to support the presidential team by the fact that it is proceeding along the course toward reforms....

[Chemerys] Right, we do follow a course toward reforms that have not become a course of reforms. So far, the government's economic course has produced two main results: Inflation could be reduced to 5 percent

a month, but, at the same time, the production slump has deepened. What is now happening in our economy is a repetition of what [former acting prime minister] Zvyahilskyy did. We are making the same blunder for the third time. The same crisis of nonpayments, the market crisis, and the crisis of effective demand. At the same time, there are no changes in production relations or in the restructuring of what is termed reforms. Ukraine increasingly transforms into a market for foreign — both eastern and western — products and into a raw materials accessory with cheap manpower. We are dealing with a Latin American variant of development when state policy is pursued in the interests of certain economic groups, which have their own people within the presidential administration, executive structures, and in the parliament. The "Law on Power" guarantees precisely their right to redivide ownership in their own interests at will.

Government Work Group Concludes Work in Crimea

LD0108165195 Moscow INTERFAX in English
1527 GMT 1 Aug 95

[FBIS Transcribed Text] Kiev, August 1 (INTERFAX-UKRAINE) - The governmental working group headed by Vice-Premier of Ukraine's Cabinet of Ministers Vasiliy Durdinets has finished its work in Crimea.

Monday night, a final meeting was held at the Crimean government with the participation of Minister Vladimir Pustovoytenko of Ukraine.

As Durdinets told newsmen at the end of the final meeting, a package of problems related to the creation of normal conditions for the settlement of the deported peoples, a number of issues pertaining to the strengthening of law and order in Crimea and stepping up the struggle against crime were discussed at the meeting.

As far as the first package of issues is concerned, Durdinets emphasized, a specific state program of actions by the Ukrainian and Crimean governments has been elaborated. According to Durdinets, it taked into consideration the main remarks voiced by the leaders of the Crimean Tatar Majilis.

The Vice-Premier emphasized that the work on exposing particularly insolent crimes committed in the autonomy will be under his control.

Dwelling upon the inquiry into the mass unrest which took place in Crimea on June 23-25, Vasiliy Durdinets said that deputy Public Prosecutor General of Ukraine Olga Kolinko "in person looked deep into the course of the investigation" and made a decision to reinforce the

team of investigators to speed up the inquiry into the criminal case of the mass unrest.

Durdinets also confirmed the information on a possible appropriation of additional funds to the tune of two trillion krb from Ukraine's budget to render assistance to the deported peoples in Crimea this year.

Commentary Explains New Rules for Currency Circulation

AU0208110895 Kiev DEMOKRATYCHNA
UKRAYINA in Ukrainian 29 Jul 95 pp 1,2

[Commentary by Alla Nosova: "The Dollar: I Am Not Bidding Farewell — I Just Stay Invisible"]

[FBIS Translated Text] It is now obvious that 1 August will not turn into 18 February. To put it differently, this time, Ukraine's National Bank's decision to ban the use of foreign cash in the sphere of trade and services will not be revoked. Ukraine's National Bank took this step to create favorable conditions for securing the status of the only legal means of payment for the national monetary unit. Just recall the incoherent information on the introduction of the hryvnya in the fall and you will realize that this decision by Ukraine's National Bank will also promote the hryvnya's stabilization. It is known that, when two monetary units exist, the stronger one ousts the weaker.

It was already announced on one occasion that the dollar would cease to be used as a means of payment for goods and services, but the dollar did not vanish from cash settlements. How can this be explained? In the opinion of Oleksandr Kiryeyev, deputy chairman of Ukraine's National Bank board, there were many uncertain aspects on the eve of 18 February. Now, we are ready to implement such a decision.

I want to remind the readers that the debate about unjustified dolarization of life that leads to discrimination against the poor to the advantage of the rich was not without foundation. The majority of us get miserable pay in karbovantsi, and who can afford to pay \$100 or \$200 for sports shoes or for decent summer clothes? It is now clear that the debate was partly encouraged by the actions of those merchants who charged foreign currency for their goods. In the past, they protested against restricted licensing since, allegedly, following the introduction of the restrictions, one-tenth of all the goods and services sold for foreign currency might fail to reach the consumer, despite the fact that those organizations that charged foreign currency would resell large batches of goods without paying taxes.

According to Oleksandr Kiryeyev, as a result of reli-censing carried out in May, an almost complete picture

of the foreign currency market could be obtained. It turned out that the market was, mildly speaking, not to the state's advantage. Ukraine's National Bank advanced a condition stipulating that a trade organization should have a commodity turnover amounting to at least \$70,000 a month to be issued a new license. As a result, just one out of every three entrepreneurs dealing with foreign currency applied for re-registering. It was also revealed that just a quarter of the total number of traders have gone through the "purgatory" testing for legitimacy and integrity. Twenty percent of organizations did not pay taxes on their currency receipts.

Yet another point seems now to have emerged in favor of rank-and-file buyers. Just think who could pay in foreign currency. Well-to-do people. Also add to this the following: The same type of goods cost more when sold for karbovantsi. It so happened in our legislation that imported goods are not taxed as much as manufactured goods. This is absurd. Besides, their sale for freely convertible currency is to the benefit of foreign commodity producers, at the same time ousting Ukrainian goods and discrediting our own commodity producers.

It appears that everything will be sorted out starting from 1 August. On 31 July, trading organizations were instructed to encash all of their foreign currency receipts in those banks that service them. Starting from 1 August, foreign currency will be received from those who work for foreign currency and deposited in separate accounts until sources of the receipts are checked out. The banks will not accept foreign currency earned through trade.

What awaits those who violate such instructions? Sanctions. For example, a fine amounting to the size of the money earned — for those who trade without licenses. In addition, criminal responsibility for violating this directive is also envisaged.

Those citizens who decided to make savings, meager as they may be, but in U.S. dollars, should also be reassured. Currency deposits in banks are protected, and their owners will be allowed to use them freely. Those who keep their savings under mattresses at home have no reason to worry either. Money-changing stations operate, and their network will expand: Seven thousand stations will satisfy the needs of citizens — as stated by senior officials at Ukraine's National Bank.

Here, I would only remark that U.S. dollar bills of small denomination have, for some reason, disappeared from money-changing stations in Kiev. The bankers say that this is a temporary misunderstanding. However, how to reassure those helpless old people who put aside a couple of hundred U.S. dollars?

So far, there is good news for those whose capital in U.S. dollars grows. Restrictions have been lifted from the sums that citizens could deposit in their foreign currency accounts in authorized Ukrainian banks. A system of anonymous (coded) currency accounts will be introduced, as well as the sale of currency deposit certificates. Although there exists a certain legislative problem here. In accordance with existing laws, transactions involving sums greater than \$400 have to be legalized.

Yet, where and who will have an actual possibility to use foreign currency as a means of payment for goods and services? Oleksandr Kiryeyev pointed out that Ukraine's National Bank finds it necessary to allow goods and services to be sold for foreign currency at custom houses, hotels for foreigners, places where airline tickets and tourist travel warrants for international flights are sold, and in providing services to foreign means of transport at international ports.

Tourist and insurance organizations with foreign partners have no right to accept foreign cash. They must issue invoices for their clients enabling citizens to deposit money in authorized banks.

Therefore, we are ousting the U.S. dollar by directives, despite the fact that economic pressure is known to be the most efficient type of pressure that a national currency may have on a foreign currency. Clearly, the rank-and-file citizen has not yet felt the power of his money. The miserable remuneration for labor even in the form of million-karbovantsi bills does not make the purse any heavier on the pay day. That same miserable remuneration is not even paid to everybody on a monthly basis. However, to be fair, there are some comforting economic statistics, even though they are not immediately felt. Over this past June, the volume of our state's export was less than the volume of foreign currency receipts. Economists believe that 17 or 18 percent of such receipts already constitute investments.

Nuclear Power Plants Show Drop in Regime Violations

*LD0108143595 Moscow INTERFAX in English
1233 GMT 1 Aug 95*

[FBIS Transcribed Text] Kiev, Aug 1 (INTERFAX-UKRAINE) — The number of operation regime violations at Ukrainian nuclear power plants dropped by 31 percent in the first half of 1995 compared to the first six months of 1994.

Sources at the Ukrainian State Committee for Nuclear Energy told INTERFAX-UKRAINE on Tuesday [1 Aug] that the five Ukrainian nuclear power plants are operating 14 power units with a capacity of 12.8

million kiloWatts. Another power unit with a capacity of one million kiloWatts will become operational at the Zaporozhye nuclear power plant at the end of this year. The power unit's reactor is ready for fuel loading, but the construction of auxiliary facilities remains uncompleted.

Ukrainian nuclear power engineers are hindered from making timely repairs on reactors and purchasing power plant fuel by the consumer debt for electricity. In the first half of 1995, 47 percent of electricity supplies, worth 37.3 trillion karbovantsi (some \$250 million), went unpaid.

Ukraine plans to tackle certain nuclear power engineering problems, over one third of the country's electricity comes from nuclear plants, by ensuring the whole nuclear fuel cycle is carried out in Ukraine in the future.

Negotiations with the French Cogema company are underway to discuss joint development of uranium ore deposits. The Ukrainian government has announced a tender on nuclear fuel production. The tender involves the ABB Swedish-Swiss concern, the American Westinghouse company, the Siemens/Framatom German-French consortium and the Russian Nuclear Ministry.

The electricity output of Ukrainian nuclear power plants reached 38.6 billion kiloWatt-hour or 39.1 percent of the overall electricity output in the first half of 1995.

Economic Issues

Budget Deficit Nears \$1 Billion in First Half of 1995

LD0108114695 Moscow ITAR-TASS in English
1129 GMT 1 Aug 95

[By Mikhail Melnik]

[FBIS Transcribed Text] Kiev, August 1 (ITAR-TASS) — The Ukrainian budget deficit totalled 127 trillion karbovanets (nearly one billion USD) in the first half of 1995 and the volume of Gross Domestic Product (GDP) decreased by 11.4 per cent, the Statistics ministry reported Tuesday.

In 1994 the GDP dropped by 29.2 per cent, it recalled.

The ministry said the rates of industrial slump and inflation have decreased a little, but went up again in the end of the first half of the year.

Over two thirds of enterprises of basic industries decreased production. The turnout of agricultural enterprises was eight per cent lower than in the first six months of 1994.

The foreign trade turnover totalled 7,434.4 million U.S. dollars in five months. Exports to CIS countries

accounted for 45 per cent while imports for 65.8 per cent of the total.

Russia was the main trade partner of Ukraine and accounted for 46 per cent of its foreign trade turnover.

Turkmenistan and Germany were second and third with 4.6 per cent each, while the United States was fourth with 3.8 per cent.

They were followed by Belarus and Switzerland (2.8 per cent), China and Ireland (2 per cent), Austria, Great Britain, Poland, Italy (1.5 per cent).

Further on Hard Currency Payments Ban

WS0108140595 Kiev INTELNEWS in English
2356 GMT 31 Jul 95

["Special to INTELNEWS" by Oleksandr Shtolko]

[FBIS Transcribed Text] Kiev, July 31 — Ukraine's latest attempt to restrict hard currency will take effect Aug. 8, according to a National Bank of Ukraine announcement Monday [31 July].

The NBU said that from this date, using hard currency as the manner of payment for goods and services will be eliminated.

This is the third attempt to rein in official hard currency in 1995, after two abortive attempts in February and May.

Beginning in 1993, the NBU issued 1,200 hard currency licenses.

On Feb. 18, the NBU yielded to government pressure and rescinded its decision to ban the use of Western cash in Ukrainian stores.

On May 16, the NBU announced re-registration of the 1,200 then-valid licenses under more rigorous standards.

NBU Deputy Chairman Oleksandr Kyreev said three-fourths of the licensees did not apply for re-registration. Now there are just over 200 valid licenses, he said.

The NBU said that of the 9 percent to 13 percent of hard currency circulation in Ukraine, only one-third was in cash transactions.

The specifics of the NBU order follow.

From Aug. 1 in Ukraine:

— All payments in currency between trade and service enterprises having the right to provide services in hard currency will be made on the territory of Ukraine in karbovanets and in the form of internationally recognized debit and credit cards, excluding payments in cash.

— Enterprises lose the right to accept hard currency. From this day, accepting hard currency in the founding fund is also prohibited (banks are exempted from this restriction).

— The representative banks have the right to receive hard currency from enterprises on special closed accounts without the right to enter them on current accounts of those enterprises. Accumulated hard currency is to be sold at the Ukrainian Interbank Currency Exchange within five days, and then karbovantsi are to be placed in enterprises' accounts.

— Representative banks may receive hard currency from citizens as form of payment for goods, works and services done on the territory of Ukraine.

— Representative banks may give each other interbank credits in hard currency and complete buying and selling of hard currency to support cash reserves.

The NBU announcement did not address the following:

— Enterprises that provide services and sell goods on customs territory (airports, ports open to international communication and the like), such as duty free shops.

— Hotels that serve foreign tourists (obligatory use of cash machines);

— Sale of provisions, medicines and services to non-residents on the territory of international ports, airports (connected with services to ships and airplanes);

— Customs services payment for residents and non-residents.

Stock Exchange Board Chairman Interviewed

WS0208105795 Kiev INTELNEWS in English
1925 GMT 30 Jul 95

[Interview with Ukrainian Stock Exchange Board Chairman Volodymyr Oskolskiy by Fedir Storozhenko, place and date not given; from the "Economic Review" feature]

[FBIS Transcribed Text]

[ECONOMIC REVIEW] What are the features of today's equities market?

[Oskolskiy] It's time to say that the Ukrainian equities market has left its embryonic state. The rapid growth in the number of emissions registered by Ministry of Finance indicates this. The number of issuers grows as well. If 1992-94 featured securities issues mostly by financial and credit organizations, 1995 statistics show the increasing share of issuers — industrial enterprises.

In addition, the over-the-counter securities market expands as well as the growth in the number of banks, trusteeships, investment funds and companies — other agents handling financial operations. By now, about 600

of such companies operate in Ukraine. The turnover of the Ukrainian Stock Exchange (USE) increased as well. The auction certificate centers' operations beginning is another novelty. In addition, in 1995 the first state securities were issued as well as the first community equities.

[ECONOMIC REVIEW] Options and futures market forms as well?

[Oskolskiy] Yes. Options and futures are derivatives of securities. Starting last summer, USE conducted a test of US\$ to KBV rate option sales and the real sales started in December. I have to stress that even for national equities market experts, the options and futures operations are terra incognita. So, they are even less clear for general investors — average Ukrainian citizens. The options and futures exchange Ukrainian Contract gradually gains experience in this field.

[ECONOMIC REVIEW] There was information that recently the USE began electronic sessions. Can you comment on this?

[Oskolskiy] Yes. On June 6, the first trade session on electronic securities circulation was held; broker companies from Dnepropetrovsk participated in them as well. Now, Kharkov and Dnepropetrovsk can participate in electronic mode sessions. In the future, regional telecommunications securities centers will be formed on the basis of all 28 current local USE centers. This process requires thorough preparation as qualified specialists and expensive equipment are required. The technology has to be worked out.

[ECONOMIC REVIEW] What does an electronic securities session look like?

[Oskolskiy] During shares quotation, the system receives, in addition to requests from brokers in USE operations hall, requests from brokers in Dnepropetrovsk. Say on the session mentioned there were three sell requests, one for 1,600 bank Ukraina stocks and two others for 100 and 400 UkrRichFlot (Ukrainian River Shipping Company) stocks, respectfully. All requests were automatically accepted and quoted. After that, broker companies in Dnepropetrovsk received quotation results by modem.

Now, according to USE Quotation Committee resolution, the sessions on electronic securities will be held on a daily basis provided availability of requests. Further, we plan to carry out over-the-counter sessions, options sales for currency rates and securities on a daily basis.

[ECONOMIC REVIEW] How does securities quotation proceed?

[Oskolskiy] At the USE the process goes by fixing. The rate is defined by supply and demand comparison for

the current moment and is left unchangeable for the intercession period. Further on, the continuous quoting can be introduced for the most active securities. The equities are divided into three groups for quotation purposes, the separation is based on the economic state and according to the issuers will.

[ECONOMIC REVIEW] Could you describe the principles of group formation?

[Oskolskiy] The first group includes securities, issued by highly profitable and financially stable companies with high economic potential. They are open to the official quotation department after inspection of several necessary documents, prepared by the issuers according to USE regulations. In this situation the issuer, who agreed to provide the market and the exchange with economic and legal information required is responsible for its trustworthiness and dissemination.

The second group includes securities, issued by companies with an economic state acceptable for official quotation. In this case, the amount of information provided by the issuer is lower and the issuer can limit itself to the required minimum of data for the market. The third group is comprised of securities, either not accepted for official quotation or not requested to be subject to official quotation. As these issuers are not required to provide any documents and do not insist on official quotation, USE disseminates the information only upon the issuers' requests and is not responsible for its trustworthiness.

[ECONOMIC REVIEW] According to a presidential decree, the USE participates in the privatization processes...

[Oskolskiy] Yes. The State Property Fund (SPF) conducts enterprises stocks sales at the USE. The first auction of this type took place on June 7, 1995. By this time the USE had offered for sale shares of 14 enterprises, among them Ukrainian Downy Industries, Lastivka, Chortkiv Pastries Factory, Brovary SvitloTehnika (Illumination Equipment) plant, Pryluky Hosiery Factory, LubnyFarm (Lubny Pharmacology) plant, Chernihiv Furnishing Factory, Chernihiv Optics and Mechanics Plant, Kiev ElectroPobutPrylad (Electric Household Appliances) plant, etc.

More than a million stocks were sold, totaling KBV20 billion, which is 10-fold greater than the starting prices. By the way, the auction of June 12 was a record one as 600,000 stocks, totaling KBV5 billion, were sold.

[ECONOMIC REVIEW] When are the auctions conducted and who is eligible to participate?

[Oskolskiy] These auctions are held by USE on a weekly basis on Tuesdays. In addition to broker companies and Ukrainian Stock Union participants, any legal and physical bodies are eligible to participate.

[ECONOMIC REVIEW] How was the Ukrainian Stock Union formed?

[Oskolskiy] The USE is reorganizing itself in order to reach the world securities market level. It would allow any company, enterprise, securities agent, complying with some defined requirements and properly registered, to become exchange members. So, the USE undergoes transition to free associated membership principles and will be joined by other financial agents.

This was the reason for formation, in October 1994, of the All- Ukrainian Association (the Securities Market Participants Concern) — the Ukrainian Stock Union. The following corporations were the founders: Ukrainian Stock Exchange, Central Securities Depository, Ukrainian Contract, Ukrainian Securities. For the transition period the USE retains joint stock company status and over-the-counter security agents act within their legal field.

Interview With Kuchma's Industrial Aide

WS0108140995 Kiev URYADOVYY KURYER
in Ukrainian 25 Jul 95 p 5

[Interview with Volodymyr Leonidovych Ryzhov, Ukrainian presidential adviser for issues of industrial policy, by Volodymyr Ilchenko; place and date not given: "Industrial Policy: 'Time of the Kulak'" — first two paragraphs are URYADOVYY KURYER introduction]

[FBIS Translated Text] Ukraine's industrial and scientific policy was to have been determined as early as two-three years ago. Already then, it was clear that there was no single and self-efficient economic complex. It had been deformed back in the former USSR's "perestroika" years. Three years of hesitance and pondering over who we are and what kind of industrial face our state should have inflicted considerable damage on the economy. There were slogans proposing various priorities, such as coal mining, agriculture, agricultural machine building, gold mining, and the like. Therefore, industrial policy has remained undetermined until now.

Volodymyr Ryzhov, adviser to the president of Ukraine for issues of industrial policy, answers questions by URYADOVYY KURYER.

[Ilchenko] It is a year now since Leonid Kuchma became president. Can you describe in a few words Ukraine's achievements over the year that passed?

[Ryzhov] It will be difficult to do that in a few words. However, putting it in a nutshell, we have not only risen to our feet and learned how to stand, but we are already walking. Do not forget how old Ukraine is. What was it in the past? It was a province, although a developed one. Currently it is a state [all letters in previous word capitalized] already. However in my opinion, there is not enough consciousness that we are one, integral state, one nation, that we are children of Ukraine, descendants of Kiev Rus. Have a look around, where else can one find such steppes, rivers, the sea, and the mountains? We are not established, but this is our own fault. And the earlier we start to be proud of Ukraine — without distinguishing that someone is a Tatar, a Jew, a Ruthenian, a Russian, a Hungarian, a Bulgarian, or a Ukrainian — the faster we will organize our life. One should work in his own house. The first year of Kuchma's presidency has laid the basis for organizing the economy.

[Ilchenko] However, people say that after six months the president has changed the economic course that he had once declared. They refer to the president's two speeches delivered in the Supreme Council and in Uzhhorod....

[Ryzhov] Who said that after making the first step we will be marking time? No matter whether one agrees with the methods of curbing inflation, which in my opinion are too drastic, further effective economic activities should be continued. And therefore, monetarism — as drastic and uncontrolled as a scythe on a meadow — naturally was supposed to give way well-considered economic activities based on the balance between aggregate supply and demand. The president quite early touched upon the issue of changing course; however, our monetarists "overlooked" it for three months, thus inflicting great damage on Ukraine. This situation forced the president to deliver a very severe speech in Uzhhorod and make appropriate staff decisions concerning the formation of the government. However, lack of experts in microeconomy is a great problem for the executive branch, as well as for the legislative branch. Currently, however, their time has come, and I am very anxious about this.

[Ilchenko] Back in January you spoke in favor of the immediate development of the industrial policy in Ukraine. Six months have passed since then.... Did you manage to move the issue from the deadlock?

[Ryzhov] As we can see, priorities are being determined by emotions or by the number of lobbyists in the Supreme Council. Meanwhile, they should be determined by strict calculations and scientific forecasts. I will never acknowledge any priorities before having a

fundamental forecast. We can proclaim ourselves whoever we want, and throw our money away; however, without markets and advanced scientific projects, no matter what we are proclaiming, we will not get the cart moving. Priorities not only have to be determined but also have to be coordinated with the priorities of the most significant world companies with regard to dividing markets, filling existing gaps, engineering and technological indicators.

There are some areas in which Ukraine is among the world leaders. First, we are making the best ship hulls. Second, we are a plane-building and aviation-engine-building state; there are not many such states in the world. Third, we are among several countries which make aerals, and we are quite good at it. Fourth, we occupy a decent position in the world in the area of special metallurgy and metal compositions. These are the priorities determining our exports. Therefore, we currently have to start penetrating these markets.

There are also structure-determining priorities. These are such industries which provide some leeway during changes in the structure of a state's national product. Primarily, it is power engineering with the entire complex of supplies — ranging from energy resources to electric engines, turbines, generators, transformers, controlling devices, and the like. Partially, power engineering is a priority determining the social sphere, since it provides a considerable number of jobs to our citizens. Metallurgy is also structure-determining, however not the kind of metallurgy which was built on Demidov's technologies, but contemporary vacuum metallurgy, laser metallurgy, and electroslog remelting. This also concerns the chemical industry, but not just raw materials sector. Having a foundation in this area, we should make efforts for further developments of those industries.

The industrial and scientific policies should be determined before the tax policy is discussed and the taxation code is passed. If we do it the other way around, we will reach a dead-end without a way out.

Materials have also been prepared on national "critical" technologies, their role and position in Ukraine's state policy, including the sphere of national security. Or perhaps, our attitude to this issue will be like the one toward the average temperature in a hospital? Therefore, I am appealing to everybody through URYADOVYY KURYER, which is a serious newspaper — to undertake successive measures.

[Ilchenko] Recently, at the session of the Cabinet of Ministers, the process of small privatization in Ukraine was estimated as unsatisfactory. What is the matter? Who hinders or what hinders the process?

[Ryzhov] Yes, the implementation of this task is unsatisfactory. However, let me not answer this question, for my views on privatization vary from those that are common in society.

[Ilchenko] Why do you not want to share your opinions with URYADOVYY KURYER's readers?

[Ryzhov] The reason is that this will not change anything, but will only evoke commotion in people's minds. I can only ascertain that a sad experience with voucher privatization in Russia did not teach us a lesson. Before the Russian voucher privatization program started, I said that Russia would have a large number of jobless shareholders of non-operating companies. In Russia, however, it was possible to sell vouchers; therefore, a general deconcentration of capital did not occur there. We have chosen a much worse way. I am expecting a lot of trouble from our model of privatization. Therefore, the fact that at present primarily big privatization is being delayed makes me hopeful that perhaps we will come to our senses. I am not against privatization; I am undoubtedly in favor of it. However, I am against deconcentrating the concentrated working capital among rentiers, and there are attempts to forcefully transform all the citizens of Ukraine into rentiers. It was the institution of rentiers which caused all three French revolutions. Tell me what, for instance, currently prevents a nuclear power station from issuing shares and selling them to our citizens? Thus, the state would give away some 20-30 percent of property. However in exchange, a nuclear power station would receive funds for reconstructing and purchasing heat emitting elements! Particularly, given that the state does not allocate a single penny. Why can we privatize something for vouchers — which means without money — and not for money? What is coming next? Enterprises, no matter whether they remain state-owned or are privatized for vouchers, will not receive money. Therefore, for what do we need all this process, for the sake of ideological superstition?

[Ilchenko] Many people who keep track of economic legislation call you the "father" of financial-industrial groups. The Supreme Council has finally passed the first reading of the law on those groups. What is your opinion on that law?

[Ryzhov] I do not regard myself as father of financial-industrial groups, at least for one reason: They were established in other states almost a decade ago, while I have been engaged in their creation in Ukraine since 1992, when I was working Prime Minister Kuchma's adviser, and incidentally, I have been doing it at Kuchma's request. Therefore, for the sake of justice, Leonid Kuchma should be called the champion of the

idea of financial-industrial groups in Ukraine. If you want to know about my involvement in the creation of financial-industrial groups, I collected suggestions voiced by domestic producers and concentrated them on paper. The law which has been passed in the first reading is a cautious step toward transferring production from bureaucrats to manufacturers, doing this in accordance with the production principle, instead of the principle of regional or sectorial features, as demanded by certain statesmen. The point is that we are interested in developing the production of competitive high-quality domestic goods to meet the demand of Ukrainian consumers, provide decently paid jobs and to appropriate budget revenues based on high profits on products sold. I am very anxious about the fact that the share of products manufactured in the lowest stage of processing raw materials continues to grow in Ukraine's GNP. It may soon happen that we will be transformed into suppliers of construction materials — cement and metal — to the vigorously developing countries of Asia and the Pacific.

Financial-industrial groups give an impetus for merging domestic scientific, industrial, and banking capitals, which would be advantageous for each of them. All attempts to counteract this process are dictated by either considerations of personal gain or by shortsightedness.

[Ilchenko] Okay, but there were a lot of opponents when the establishment of financial-industrial groups was being discussed in the Supreme Council. Reports from the provinces indicate that manufacturers are willing to receive a legislative base for efficient economic activities as soon as possible. Why then are a number of politicians and economists opposed to the law?

[Ryzhov] I do not think that those people who opposed the existence of financial-groups in Ukraine in the form envisioned by the bill are its opponents. As you see, cautious national-democrats oppose the bill out of fear of Russian capital; zealous bolsheviks do that, given that almost a century ago Lenin convinced them that the financial-industrial oligarchy is of an antiproletarian nature; and revolutionary reformers — who never built anything — act so, given that they feel no moral pain for ruining anything. Please note that even remote and not very developed countries are trying to penetrate Russia's enormous market. The merger of financial and industrial capitals creates new jobs, guarantees decent wages, broad social guarantees, and — the most surprising fact — instead of producing exploiter-capitalists, it produces a great number of shareholders. Mr. Ford, who was a super-capitalist in the past, is currently a shareholder in his own company.

[Ilchenko] Certain people have the impression that when the president has to correct some economic mistake, you are always close at hand. Would it not be better to avoid mistakes and consequently the need to correct them?

[Ryzhov] To my regret, the impertinence of certain revolutionary reformers does not permit this. For instance, a group of people agrees to lobby a certain decision. At a meeting with the president, one of them underscores that a certain problem may crop up. A couple of days later, another man states that the problem has already emerged. A week later, a third companion may say: There is a problem, but it can be resolved by the following methods. Finally, a fourth man appears with a ready draft edict and proclaims it the greatest accomplishment in fighting economic problems. Such things occur not only close to the president, but also in the government and the Supreme Council. In addition, the press becomes involved. It seems to be the *modus operandi* of the old-generation and new-generation clans in Ukraine.

A time of owners has arrived in Ukraine, if you want a time of kulaks. If you borrow a penny, earn two. If you are unable to do so, go away. All methods that are meant to improve people's wellbeing and do not run counter to accepted human values should be applied.

[Ilchenko] The motions which you recently presented to the president, concerning the reinstatement of sectorial ministries' control over enterprises and the abolition of the VAT on imported products, have won you the image of an antimarket bureaucrat. Are you not worried about that? You have said that it is the time for owners.

[Ryzhov] When was it considered a virtue to inflict damage to the people and the state? When was gradual movement toward more efficient economic conditions — which is the only hope for improving people's wellbeing — considered despicable? Yes, everywhere in the world market economy with elements of state regulation turned out to be more efficient than the planned socialist economy. However, this is not a sufficient reason for "reformatory itching." Instead of evoking respect, a person scratching in public evokes sympathy for the sick. Meanwhile, I have been taught to work according to the following principle: Good, better, the best. Man is not a sheet of paper and his mentality cannot be rewritten in one day. Therefore, I regard that itching as an attempt to build a new society within a five-year period. We have had that before. We already promised to build golden bathrooms for the people, and to announce the arrival of communism in 1970. Certain people are currently trying to turn golden bathrooms into golden coins and proclaim capitalism in the year 2000. There will be capitalism, although there will be no domestic industries or domestic capital.

In legislative terms, we have done everything to stop machines, while it was almost impossible to pass those machines into the hands of those who would make machines operate again for their own and people's benefit. Okay, we have made everyone bankrupt, and what is next? Yes, I would feel very offended if I were put in the same row with the revolutionary reformers. Therefore, your question has inspired me: I have realized that people distinguish between me and them.

[Ilchenko] You and other industrialists were unseen when the law on power was being drafted. Is the structure of power of no significance to you?

[Ryzhov] The point is that industrialists have a somewhat technocratic approach toward the structure of power. Weekly informational-statistical reports should be collected and concentrated in a single informational center not for generalization, but for separate processing. Everything that "deviates" from the outlined trends should be passed over to an analytical center for processing and further moves by the executive or legislative authorities. I am an advocate of a diversity of sources of financial, industrial, commercial, and other kinds of information; however, I advocate a system of management which includes subordination to a single center and feedback. This is how the system of managing compound structures is organized in engineering, for instance. However, in politics the system of management is a row of compromises. Therefore, the president was probably right when he did not invite manufacturers to participate in drafting the law on power.

[Ilchenko] My last question is: Are you personally not attracted to "practical" economy, that is, entrepreneurship? Certain industrialists and entrepreneurs claim that you are capable of drafting, leading, and accomplishing any project. However, outstanding entrepreneurs do not go to work in the government, and you did.

[Ryzhov] I am probably not an outstanding entrepreneur. I feel fine when I see how industrialists and entrepreneurs work in accordance with those norms, in whose drafting I was engaged. I feel uneasy over the fact that I have failed to prevent the introduction of economic rules which lessen the profitability of production. However, I am trying to resist those rules on all possible levels, regardless of everything. This is probably my current vocation. If it happens that I lose contact with practical industries and am unable to determine the essence of current and long-term targets, I will definitely request that the president let me go back to entrepreneurship. However, I will never and under no circumstances betray our national industries, especially the elite sectors. Scientific-industrial accomplishments

provide the resources for Ukraine's independent development. If we lose them under any kind of slogans, this will amount to inflicting great damage to our nation. Scientific-technological development is a continu-

ous process and interrupting this continuity amounts to losing that or other industry as such. We have already lost much. It is enough! Enough!

Belarus

Prime Minister Views Year's Achievements

WS0108111595 Minsk RESPUBLIKA in Russian
26 Jul 95 p 2

[Interview with Prime Minister Mikhail Chyhir by unidentified reporter; place and date not given: "A Year of Hard, Creative Work"]

[FBIS Translated Text] [Reporter] A year has passed since the current government started its work. What, in your opinion Mr. Mikhail Chyhir, could be regarded as assets during this time?

[Chyhir] A year is a short time with regard to reforming the economy. Frankly speaking, we had expected that within this short period we would manage to achieve more; unfortunately, not everything we had thought of could be implemented.

However, if we speak about the work completed, then first — nobody can blame the president and the government for Belarus's galloping growth in the foreign debt to Russia and to the Western countries, blame placed like we did in the past. Remembering that one borrow's somebody's money and then has to repay it, the government does everything possible to prevent foreign loans from being "eaten up." Yes, we are striving to attract credits. The current government has received \$182 million. Some \$60 million has been allocated — on a reimbursable basis — on covering currency expenses of industrial projects. Some \$20 million has been spent on repaying earlier credits. The remaining funds are a reserve. To my regret, many "experts" who do not have at their disposal reliable information are misleading public opinion.

The existing government has proved that the Republic of Belarus can exist and live by its own work and intellect, and not at the expense of other states. Yes, we have to admit that so far we are unable to pay world prices for oil and gas; however, we believe that if we mobilize our capabilities, we will be able to ensure the functioning of the economy at these prices.

Second, as a positive result, we can mark the stabilization of the national currency. Its stabilization has put an end to profiteers' numerous deals, and laid the foundations for building a healthy economy. Naturally, so far full confidence does not exist that the Belarusian ruble will be permanently stabilized. At the same time, it would be erroneous to claim that the stabilization was achieved due to the introduction of the positive rate of refinancing. Although this is one of the most important factors, there are dozens of other factors which influence the state of monetary circulation. For instance, at this stage the excessive growth in wages paid for labor

as compared to growth in producing industrial goods is dangerous. In July payments for labor increased by 11 percent while the volume of production increased only 4 percent. If this tendency is not changed, then we will return again to high inflation. I am talking about this, for I want to evoke in everybody concern about strengthening the national monetary unit.

Third, we have closely linked the state of monetary circulation with the inflation level. There is a reason behind the fact that all countries of the world declare a real war against high inflation immediately after it appears. There is no effective economy and healthy motivation for work if there is high inflation. We have to admit that inflation has not been fully curbed in Belarus. However, it is controllable and governable, and not by administrative methods but by economic methods. The truth is that perhaps in the immediate future prices for certain types of commodities will rise. It may happen, primarily due to the fact that Russia is reviewing its economic policy. Nevertheless, we are convinced that we will not return to the chaos in pricing policy that we had earlier.

And finally, taking into account the aforementioned facts, I would like to emphasize that at this stage we have firm grounds for lifting the economy out of crisis. Managerial staffs have received stable currency and full economic freedom. At present, production, sales, and earnings depend on the quantity and quality of labor. Obviously, it is difficult, particularly because of the loss of traditional markets. Therefore, the president, as well as the government, are trying to help in the search for new markets. If we were to single out the issue on which the Cabinet of Ministers has failed to achieve some tangible progress, it would be proper understanding by these managerial staffs of the actual economic reality. A healthy economy consists not of beggars but of wise and sensible owners. Highly effective work is the only remedy for accumulated economic diseases.

[Reporter] Accepting the post of prime minister, you stated that you were going to undertake tough measures for stabilizing the economy. A detailed program for overcoming the crisis has been developed. Can you provide us with the results of implementing this program?

[Chyhir] Preventing a nose dive in the volume of production and the collapse of the national economy, which many people predicted, are the results. On the basic issues, we have reached the parameters which were outlined by the program of urgent measures. It might be that not all measures are being implemented in due time and on due scale, as we would like it to be done. However, first and foremost, a stabilization of

the macroeconomy has been reached. Many economic managers understand that a continuing increase in prices is senseless.

[Reporter] An opinion exists that the dollar rate is being artificially restrained in Belarus and that due to the "stabilization," companies are facing huge losses. What do you think?

[Chyhir] The dollar rate is primarily formed under the influence of market supply and demand. Therefore, in this area there is no other factor than the aforementioned economic rule. Knowledge of mechanisms for this rule's operation has allowed the determining of efficient measures for its application. It is not only a matter of separating the objective aspects from the subjective. A positive balance of payments, the introduction of elementary order in carrying out export-import operations, and an increase in the attractiveness of the national monetary unit have done the job.

Primarily, the population has gained from the stabilization of the dollar rate. Within the first six months of 1995, the average wage — in its dollar equivalent — rose over twofold and exceeded \$70 per month. The increase in prices for imported energy resources has been curbed. Thus, we have closed the path for a further increase in production costs and prices on the domestic market. Only those lost who pursued a pro-inflationary policy. Due to the lowering of inflation, the conditions for exporters are improving.

[Reporter] The primary ailment of our economy is the insolvency of enterprises. Many of them appear to be on the edge of bankruptcy, and are operating using only half their capacity, or do not operate at all. How can this unresolved problem be resolved?

[Chyhir] By changing chaotic activities to considered, calculated production and financial activities of enterprises. There are many enterprises working this way; however, to my regret, far too few exist. It often happens that electric power and raw materials are consumed, but that the commodities produced are either unneeded or so expensive that profits cannot cover production expenses. This is a reason for massive nonpayments.

[Reporter] It looks as though the largest number of complaints are about taxes. All agree with the fact that there is an extreme need for a taxation system that would be flexible, easily adaptable to the market, and primarily, respond to Belarusian interests. Can we say that such a system currently exists? If not, what principles should it reflect, and how is the government going to improve it?

[Chyhir] The government might be satisfied with only a system of taxation that would allow it to create a state budget of any size, and create effective incentives for production. The opinion that our system of taxation is "extremely imperfect" is an obvious exaggeration. It is difficult to improve a non-existing system. The government is developing a new tax concept to serve this purpose.

[Reporter] What innovations are going to be introduced in the credit system? What is your attitude toward foreign credits? In particular, how justified are fears that they contain the threat of economic slavery, from which even our children's children will be unable to free themselves?

[Chyhir] The monetary-credit system is constantly improving. We have recently done a lot in this regard. The main thing is to have full mutual understanding between economic entities and banks. Banks cannot function without normally operating entities. Therefore, banks' analytical work with their clients is currently in the spotlight of attention, as well as a well-considered policy of interest rates, long-term credit for investment projects, and the stability of banks.

As for foreign credits, we should keep one thing in mind: We receive credits for a certain period of time, but we have to repay them in the end, including interest.

[Reporter] All economic sectors are currently in a dramatic situation; however, villages are experiencing especially hard times. Meanwhile, harvesting has started. Will we have bread this year?

[Chyhir] We will have bread. Knock on wood — I hope that we will have a good crop. The government has rendered tangible assistance to agriculture. However, the agrarian sector has to work, not beg for alms. We have to create normal conditions in that sector for simple and expanded reproduction.

Agriculture will never become a normally operating sector as long as, for instance, we continue to feed animals two-three times more fodder for every kilogram of weight gain than they do in the developed states. The situation is similar with regard to many other aspects.

[Reporter] As we know, the economy cannot be separated from politics. Meanwhile, a parliamentary crisis is a fait accompli. We need new laws, but there is no one to pass them. The government probably finds it hard to work in the current legislative vacuum.

[Chyhir] The government works within the existing legal corridor. I should admit that it often realizes the imperfect nature of the existing enforceable acts. More

thoroughly drafted and considered laws should correspond to the new stage of socioeconomic development. So far, we do not have them. Therefore, we often have to be guided solely by presidential edicts.

[Reporter] Our readers, as well as the media report about delays in paying wages and pensions. A group of teachers went on vacation without receiving their summer salaries. What is being done to replenish the budget and guarantee timely payment of wages and pensions?

[Chyhir] Pensions and allowances are primarily paid from the Social Protection Fund. It is extremely difficult to form that fund under the conditions of a critical production decline. That is why we have to constantly subsidize the fund from the national budget in order not to derail the payment of pensions. Thus, the actual problem does not lie in the untimeliness of payments; it lies in the lack of a real source of financing.

[Reporter] Rumors about the abolition of breaks, payment of pensions, and the like caused a lot of commotion. What is the government's stance on that issue?

[Chyhir] As long as we remain a "republic of breaks," there will be no exit from the deadlock. Of course, there are breaks that are beyond discussion. However, there are also such breaks that run counter to common sense. In addition, the procedure of granting many breaks used to be very simple. This produced a very expanded list of people eligible for these breaks. I am glad that public opinion does not advocate the preservation of "false" breaks.

[Reporter] The issue of fees for municipal services is hanging over our heads like a Damocle's sword. People say that decisions concerning this issue are all but extorted by the IMF, which impudently meddles in our affairs.... What is the government going to do to take into account the budget's potential and maximally lift the burden of fees from people's shoulders?

[Chyhir] Let us not exaggerate the strength of the IMF. Municipal services in fact comprise several sectors supported by budget subsidies. World experience, as well as our reality, indicate that this procedure produces lack of responsibility and haphazardness. Given the current level of people's incomes, this problem cannot be resolved by purely arithmetical methods. Therefore, we are developing a procedure for increasing the incomes of socially insecure groups, which will include targeted subsidies.

[Reporter] Five years have passed since the Declaration on the Independence of Belarus was passed. Our Republic is more actively marking its presence in the international arena. The government has recently strength-

ened its foreign activities. Important meetings have been held with Russian President Yeltsin and PRC State Council Chairman Li Peng. You recently met Iranian Deputy Prime Minister Habibi, and Ukrainian President Kuchma and Lithuanian Prime Minister Slezevicius have visited us. Our leaders, too, have visited foreign states. What dividends — let me put it this way — do we receive from such active diplomatic activities?

[Chyhir] When such meetings are held, I am primarily interested in the possibility of stepping up commercial ties and of competently using the idea of the international division of labor. Neither do we ignore the experience amassed by certain states in resolving similar socioeconomic problems. We have the opportunity to learn lessons from others' mistakes to avoid the same kind of mistakes. Our own and foreign experience show that it is not enough to proclaim sovereignty; it is much harder to make it real and not declarative and win genuine economic independence.

[Reporter] There have been many discussions in the press on Belarus's relations with the West and the East. Certain people blamed the government for too evident moves in the Eastern direction; others blamed the government for attempts to sit on two chairs.... What are our priorities?

[Chyhir] We are in the center of Europe. We have established economic ties, and those should be used to the advantage of Belarus.

[Reporter] Are you, as head of government, satisfied with the development of our state's relations with international financial organizations?

[Chyhir] I am primarily satisfied with the high intensity of such contacts. I think highly about the professionalism of those representatives of international financial organizations whom I have met. With every new stage of developing such contacts there is a growing understanding of our hardships and problems on the part of the world community. As for the our Republic's international prestige, it does not only depend on what we think about ourselves, but also on our persistence in meeting the undertaken obligations.

[Reporter] The leadership's efforts are often nullified by lack of discipline, irresponsibility, and arbitrariness, as well as false interpretation of democracy, when resolutions, agreements, and obligations are not observed. What do you think should be done to make professionalism, responsibility, and decency prevail in the work of our officials?

[Chyhir] There are many problems here. To make professionalism prevail, we need responsibility. For responsibility, we need decency, and so on. Such are the

relations between cause and effect. However, I believe that the immediate future belongs to professionals.

What does the cabinet currently lack? Primarily, we lack "pressure" from constructive economists — both academic and practitioners. We currently need this kind of opposition. Let there be criticism and critical remarks. However, we need systemized ideas and well-considered suggestions to facilitate our current and future activities.

[Reporter] Summing up the results of your work over the year, please provide your end to the phrase: "Within that period, the most difficult thing for me was...."

[Chyhir] It was in the fall, on the eve of the heating period. I hoped that that it would be easier in the spring. However, the spring brought new problems. Neither is life easy now — harvesting is about to start. The overall economic situation is very complicated. The economy is not a circus, where you can win applause by walking around the arena with a torch in your hands.

Still, looking back on the covered ground, I would like to say that no matter how hard it is, we have established the base for lifting the economy out of crisis. We are not walking in darkness. The government knows what should be done next.

Chyhir Holds News Conference on Agriculture

WS0208104895 Minsk BELAPAN in English
0910 GMT 2 Aug 95

[FBIS Transcribed Text] Prime Minister Mikhail Chyhir said at the press conference held on 31 July that as of today 36 percent of grain have been gathered. The government provided 50,000 tonnes of fuel in addition to 130,000 tonnes for the spring sowing campaign. The premier emphasized that this quantity of fuel should be returned to the state reserve within specified terms.

Chyhir also spoke on the problem of state prices for purchasing agricultural products. The government plans to keep to the earlier fixed prices, that is \$61 per one tonne of winter rye and \$93-120 per one tonne of wheat. If there is a change in prices, the premier promises to reevaluate the previously sold grain so that farms did not delayed this as they did last year.

National Bank Chairman on Banking System

WS0208105495 Minsk RID in English
0918 GMT 2 Aug 95

[Article by National Bank Chairman Stanislaw Bahdankevich: "The Banking System and Problems of Its Optimization in the Transition Period" from the "Policy,

Economy, Events, Analysis, Comments" feature No. 51, 24-31 Jul 95]

[FBIS Transcribed Text] At the moment 50 banks are registered in the Republic of Belarus, among them 38 banks are joint stock companies, nine banks are limited liability companies, one is a private bank, two banks are affiliated foreign ones. Banking network number 3547 affiliates of the Savings Bank [as received]. As of 1 July, the minimum size of authorized capital is 1.1 million ECU (in Europe — 5 million ECU). To establish a new bank, 2 million ECU is necessary if the bank is founded by residents of the Republic of Belarus; 5 million ECU is necessary if the bank is founded by foreign residents.

Now two foreign banks — "Inko" (Ukraine) and "Mos-businessbank" (Russia) are registered and in operation in Belarus. Apart from that six representations of foreign banks are registered in the country.

The largest domestic banks are Agroprombank, Promstroybank, the Savings Bank, Belbusiness bank. Unfortunately, a considerable number of small banks are corrupted by leprosy of swindle. Banks take resources from depositors, from other banks and lend credits. Cost of their own capital turns out to be many times smaller than that of the lent credit.

There were cases when a bank rendered credits to a firm which then created fictitious profits and at this expense bought shares of the creditor-bank and became its owner.

To prevent such kinds of "bargains," a demand was put forward to increase authorized capital, which was satisfied by 31 banks out of 50 ones. The rest will unite or be reorganized into establishments under strict control. At the present day there are two bankrupt banks — "Sozh" and "European." Five more banks are on the edge of bankruptcy, nevertheless they have potential shareholders.

On the whole banking system is working stable, but during the latest months it has been experiencing some difficulties. There exists a problem of non-payment. Today we observe a complete failure to return currency credits in Belvnesheconombank. The similar situation is observed in Promstroybank. Traditionally banks were rendering credits to large state-owned enterprises, but they turned out not to be able to return credits.

The trouble is that enterprises don't know how to work in conditions of stable finances. For more than five months currency exchange rate has been stable. That part of the program of urgent measures, which promotes stabilization at microlevel has been realized in the country. Transition to market price formation has been carried out, except for some cases when fixing

selling price of bread at the level lower than that of expenses. Inflation has been reduced from 10 to 2 percent this month; during the first two weeks it was at the level of 0.8 percent. We restricted production of new money supply by budget deficit in limits of 2 percent if preserving the stable exchange rate, we could develop normally. Today gross reserves of the National Bank approach to the mark of \$500 million, while net reserves — to \$200 million. Gold reserve stock of the National Bank comes to 2.4 kilograms, there is a considerable gold reserve stock in governmental Committee of precious metals. On the whole bank gross reserves amount to about \$1 billion. Reserves, equal to 150 percent of monthly import, are the condition for stabilization of economy. But unfortunately, these resources are not used for crediting of economy because of the risk of failure to return credits. In conditions of stabilization of finances it became evident that our collapse is determined by inner factors, low level of proficiency of factory managers, wastefulness. When an enterprise invested all its capital into products, which are not salable it has no free money. Wasting of circulating assets is going on. As the result of decline in exchange rates of the dollar exporter enterprises lost their working capital.

That's why now the way out would be to conduct devaluation of the Belarusian ruble. The National Bank put forward the suggestion to carry it out on the level of 80 percent to inflation. Absence of clear position of authorities may prevent from adopting this suggestion. This position may be of two kinds: either we want to restore the controlled administrative-managerial system with elements of market mechanisms. But we are constantly hesitating. Not long ago I received a "friendly command" to allocate a trillion to harvesting. Such allocation won't give anything but the next rise in prices and sharp decline in exchange rate. Credits should be rendered to enterprises, which are able to export their products, for example to tractor or bicycle factories, to "Integral" works. You mustn't give 10 million to Minsk automobile works, which needs 200 million in order to stabilize its work. You cannot expect any payment back from Belkoopsoyz, which is unprofitable for 100 percent or from state trade.

By the way, when talking about state sector, I can note that state-owned banks work not better, but even worse than commercial ones. Thus, the Savings Bank rendered credits to Agroprombank at interest of 615-650 percent per annum. "Priorbank" has income of 50 billion rubles, and Belsvyasbank has income of 50 billion rubles, for the same period. In order to stimulate accumulation of capital for future investments we introduced policy of

indexation of money savings in the form of rate of interest on deposits.

Lately capital inflow into the Republic is observed. For the last month the National Bank bought \$27 million and 87 billion Russian rubles at stock market, which were converted into dollars.

Moldova

Progress Reported in Dniester Status Negotiations

AU0108155095 Chisinau INFOTAG in English
2002 GMT 31 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 31/7/1995 — The two groups of experts from Moldova and the Dniester region succeeded in the negotiation of the Dniester region status, a Dniester participant in the talks told INFOTAG.

He said that the meeting tackled details of the draft law. The experts abstained from overall discussion of the draft on the Dniester status and engaged themselves with separate issues. The idea is to reach agreement on details and approach the assembly of the would-be law. Such practice spares a good deal of friction at the negotiation of the main points. We hope to surmount existing contradiction even this summer, said a member of Dniester administration. He informed that the three working meetings scheduled for August will cover an important preparatory stage of the summit talks on 13 September, when Mr. Snegur will meet Mr. Smirnov.

Creanga Visits Peacekeeping Units in Dniester

AU0208070795 Chisinau INFOTAG in English
2002 GMT 31 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 31/7/1995 — On Monday, 31 July, Moldovan Defense Minister Pavel Creanga visited the peacekeeping forces in the Dniester region. He handed over awards and valuable presents on the event of the third anniversary of the peacekeeping mission in Moldova.

The forces were led in on 31 August 1992, ten days after the signing by Presidents Snegur of Moldova and Yeltsin of Russia of an agreement on the principles of peaceful settlement of the Dniester conflict.

The peacekeeping contingent comprises Moldovan, Russian, and Dniester battalions. They are subordinated to joint headquarters. By the end of the last year, out of financial considerations, Russia cut its contingent by half. At present it holds two peacekeeping battalions (640 soldiers,) Moldova three battalions (about 1,000 soldiers,) and Dniester two battalions (400 soldiers.) Dniester also has an additional armed formation of

about 2,000 local soldiers. Despite incessant protests on the Moldovan side, the formation was not reduced, but rather increased.

On the eve of the anniversary the United Control Commission produced a report, reading that "the peacekeeping mission in Moldova proved efficient and cogent resolution of the armed conflict."

During the past three years the united forces denied numerous constructions, orchards, fields, and vineyards. It located and destroyed 11.5 thousand shells and mines. The guards liquidated 67.6 thousand pieces of ammunition, dozens of automatic guns, rifles, and pistols. Research groups succeeded in tracing the missing and keeping public order.

Parties Initiate Roundtable Talks With Politicians

AU0208070995 Chisinau INFOTAG in English
2002 GMT 31 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 31/7/1995 — Three political parties — the Socialist Party of Moldova, the Party for Economic Revival, and the

Party for Social Progress [PSP] — came out with an initiative of a "roundtable" for the Moldovan and Dniester politicians, communicated the chairman of the PSP, Eugen Sobor. The tentative date of the meeting is scheduled for mid-August.

The political dialogue between the two sides is called to animate the process of conflict settlement, reads the press release of the three parties.

Summit talks on the Dniester issue are necessary. It would be good if they were held to settle the problem, rather than be listed pro form, says the press release. The parties asserted strong disincentive of (unspecified) political powers in the conflict regulation and consequent participation of Dniester in elections. The parties exchanged their outlooks on the current political situation. They noted that (unspecified) politicians burden the bleak situation with language issues and national-radical approach, which led to victims of the Dniester conflict and economic crisis. The parties decided to hold political meetings on a regular basis and invite other forces to join the dialogue for the benefit of Moldovan statehood.

Kazakhstan**Resolution Issued on Implementing Oil Decree**

LD0108210595 Almaty KAZAKHSTANSKAYA
PRAVDA in Russian 20 Jul 95 p 3

["Resolution of the Kazakh President on Measures for Implementing the Kazakh President's Decree on Oil"]

[FBIS Translated Text] With the aim of implementing the decree of the Kazakh president carrying the force of law "on oil," I resolve that:

The Kazakh Cabinet of Ministers is to:

1) put forward proposals on bringing the code of Kazakhstan on mineral resources and processing mineral raw materials into accordance with the present decree;

2) prepare and confirm by 1 November 1995:

- uniform rules for developing oil and gas deposits;
- a procedure for issuing licences for carrying out oil operations;
- a procedure for concluding contracts to carry out oil operations;
- a procedure and terms for the compulsory insurance of oil operations;
- a procedure for carrying out oil operations at sea, on internal bodies of water, extraordinary ecological condition zones, and natural and cultural sites under special protection;
- regulations on the procedure and terms for issuing permission to built, exploit and use artificial islands, dikes, building and installations while carrying out oil operations;
- safety rules and environmental protection rules while constructing, laying and exploiting under-water pipelines and cables connected with oil operations;
- a procedure for conducting scientific maritime surveys connected with carrying out oil operations;

3) bring the decisions of the Kazakh Government into accordance with the decree carrying the force of law "on oil;"

4) ensure by 1 December 1995 reconsideration and cancellation by the ministries, state committees, and departments of Kazakhstan of their standard acts that contradict the present decree.

[Signed] Nursultan Nazarbayev, president of Kazakhstan

[Dated] Almaty, 28 June 1995

Working Group Formed To Appraise Oil, Gas Fields

LD0108143295 Moscow INTERFAX in English
1233 GMT 1 Aug 95

[FBIS Transcribed Text] ALMATY, Aug 1 (PIA-INTERFAX) — A permanent working group has been set up at the Kazakh Oil and Gas Ministry on the instruction of Kazakh Prime Minister Akezhan Qazhygeldin to "consider documents on hydrocarbon fields" the development of which state licenses have been issued for, a well-informed source at the Kazakh Oil and Gas Ministry told INTERFAX on Tuesday [1 Aug].

The working group is instructed to draft a schedule for the drawing up and submission of materials for licensing and conclusion of agreements with Kazakh oil and gas enterprises.

According to information from the Kazakh Ministry of Geology and Conservation of Natural Resources, the majority of Kazakh oil fields (75) are located in the Atyrau region. They hold 929.2 million tonnes of oil.

A total of 66 oil fields have been explored in the Mangistau region. Some 27 of them, with an oil reserves of 724.8 million tonnes, are being developed. Fourteen oil fields of the region are up for tender.

Kazakh geologists believe the Aktyubinsk region to be very promising. Its 16 oil and four oil and gas condensate fields have reserves of over 370 million tonnes.

Reserves of the Kazakh Kzyl-Orda region, including the Kumkolskiy field, are estimated at 330-380 million tonnes, of the South Kazakh region - at 200-220 million tonnes, and of the Torgay region - at 160 million tonnes.

Latest Rumors About Capital's Move to Aqmola

MM0108153795 Moscow PRAVDA in Russian
1 Aug 95 p 2

[Report by Aleksandra Dokuchayeva: "Aqmola Awaits New Landlords. Kazakhstan's Capital Prepares To Move"]

[FBIS Translated Text] Aqmola-Almaty — Rumors that Kazakhstan's capital will move to Aqmola occasionally fly up like sparks from beneath the ashes of a dying bonfire.

Last year Kazakhstan's Supreme Council gave the president a birthday gift: It gave its consent to the elaboration of a project to move the republic's capital from Almaty to Aqmola. Since then this topic has been mentioned sporadically in the Kazakhstani mass media

and even more frequently in talk among officials, who are depressed at the prospect of swapping the land of plenty in the foothills of the Zailiyskiy Alatau for the windswept expanses of the virgin lands.

It is said that there is a directive whereby each oblast is obliged to construct a building in Aqmola. It is said that plans to accommodate capital departments in the buildings of what is now the oblast center have long lain in the Aqmola Administration. The people of Aqmola show off buildings which were recently modernized and which stand ready to receive new landlords. True, nobody knows which ones. But almost any passerby will show you the vacant plot in the city center (not far from the corner of Lenin Street and Prospekt Tselinnikov), where, so it is rumored, the president's residence will be built.

At present the city telephone network is being modernized in Aqmola. Preparations are under way to build a five-star hotel, which will be erected by Turkish workers. One of the kindergartens has already been vacated to accommodate them. In the past Aqmola's construction workers were enthusiastic about moving the capital. But three construction trusts are now without work, while a prestigious and costly construction project has been given over to foreigners.

But life takes its course. City folk hurry to their dachas. Domestic stocks are an essential aid to the majority of Aqmola residents. Some say in alarm that the capital's move to them will sharply increase the cost of living. Others, on the contrary, are waiting hopefully for the price of apartments to increase so as to sell their own as dearly as possible before leaving for Russia.

For the time being events befitting a capital are happening in the present capital — Almaty. Just before the 150th anniversary of the great Abay [Kazakh poet] Kazakhstan's capital solemnly marked the 1,000th anniversary of "Manas" — the epos of the fraternal Kyrgyz people. A solemn soiree will take place in the theater of opera and ballet. The capital's onomastic commission has produced its own gift: Chapayev Street has been renamed in honor of the legendary Manas. The name of the legendary Chapay [as published] is being removed from the map of Kazakhstan's capital, giving way to the hero of another legend which is now more revered.

Nazarbayev on Drafting of New Constitution

LD0108170195 Almaty Kazakh Television First Program Network in Russian 1400 GMT 1 Aug 95

[Video report by correspondent Gulnar Umarbekova on news conference given by President Nursultan

Nazarbayev at his residence on 1 August, including recordings of Nazarbayev remarks]

[FBIS Translated Text] The press, television and radio have been covering the discussion of the most important issue of the day — the draft of the new constitution of our republic — all month long. So here, at the final news conference, journalists once again shared their doubts on some articles of the draft constitution, and addressed their questions, which had accumulated over this period, to the president.

[Nazarbayev] We were not able to take into consideration and introduce anywhere near all the proposed amendments to the draft, and I believe that you understand this; this is natural. However, the proposals reflecting the views of the majority of the citizens of our country, and corresponding to the vital interests of the people of Kazakhstan, were certainly taken into account. I would like to say without exaggeration that tremendous work has been done.

[Umarbekova] Last month, 33,000 collective discussions were held. About 3 million people took part in them, and 1,100 corrections have been made in 55 articles out of the 95 published.

[Nazarbayev] I know that there will be different opinions and different voices, but this draft cannot be changed now, it is to be put to a referendum. The longer we stir things around [changes thought], and I thank you again for what you have done in the last 30 days, and for your opinions in all the press publications.

Yertysbayev on Reforms, Draft Constitution

954F2932A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 27 Jul 95 p 2

[Article by Yermukhamet Yertysbayev: "Reforms Always Require Determined Action"]

[FBIS Translated Text] The public discussion of the draft new constitution is primarily and mainly a political event, and the fact that the most varied views, impartial criticism, and even a total rejection of the draft are being manifested in the course of the discussion is normal and shows yet again that in terms of ideological and political diversity Kazakhstan is embarked firmly on the path of a democratic state. But separating the wheat from the chaff in this dissonance of opinions and calling things by their proper name are still necessary. Citizens of Kazakhstan are entitled to make a conscious political choice.

The opponents of the draft declare that it is "undemocratic," and this charge of a general nature is bolstered by such arguments as "the draft was created by the

authorities themselves and for the authorities, but it should have been created for man and the people themselves." Empty, utterly meaningless words, that is, for democracy is primarily a society of economically and politically free people, a state based on three pillars—freedom, responsibility, and the equality of all before the law. And if we declare Kazakhstan a democratic state, this by no means signifies that such a constitutional provision adequately reflects the condition of the state and society. Democracy is our end, but also a means simultaneously of the building of a market economy and a civil society. Only the development of the market economy and the extensive emergence of a middle class will create the social space that makes the existence of democracy possible. If some people believe that by having created the most ideal legal document in the form of a basic law we will thereby resolve all problems, they are either profoundly deluded or have deliberately opted for demagoguery and populism as the main methods in political activity. And the constant pitting against each other of the authorities and the people is neo-Bolshevism of the first water, which is politically profitable at a meeting of extremists but is a tremendous danger ultimately both for the state and for the people.

Opponents declare: According to the draft constitution, the president will have enormous powers, which "establishes a monarchy almost," and at the same time the head of state is answerable for nothing. I shall not argue by referring to articles of the draft constitution and quoting the precisely fixed range of duties, functions, and rights of the president. I see no point in this. When one person with references to articles of the draft shows that the principle of the separation of powers and a system of checks and balances from the standpoint of rules of law exist, and another by exactly the same method proves the reverse—this is not a search for the truth but an idle waste of time. The result is the same as with Ostop Bender in the argument with the priests. Ostop says: "There is no God." The priest says in reply: "There is."

Those who wrote the draft, its supporters and, yes, the president himself make no secret of the fact that for the continued progress of the socioeconomic and political transformations, for market reforms, and for the formation and development of a sovereign Kazakhstan we need the centralization of power, the strictest state discipline, and a certain authoritarianism, which will be exercised by a popularly elected head of state not for the suppression of democracy but in the name of democracy as the main means of the transformations. This March, following the dissolution of the Supreme Council, the president designated such authoritarianism dictatorship of the law. A multitude of factors contributed to the successful market and democratic development of North

America, West Europe, and Japan, but the decisive condition was the existence in these countries on the eve of serious changes of strong centralized state power in authoritarian form. And the main merit of the present draft new Constitution of the Kazakh Republic is the fact that the authorities do not fudge the issue, do not maneuver, and do not take cover behind fine and flowery declarations of "values common to all mankind" but have identified what kind of state mechanism we will have in the transitional period. As far as the president is concerned, he is responsible before history and before the people for the progress of the socioeconomic reforms, and this responsibility cannot be inserted in any rules of law. Statements to the effect that the head of state in terms of the draft constitution avoids all responsibility are idle prattle. There is in politics such a concept as "opposition pathology." Politicians infected with this virus proceed from some abstract "people's interests," not having if only an approximate notion of what the "people's interests" are, how they are differentiated, and how they are changing at the present time of transition. Outwardly, their slogans and criticism appear entirely democratic and progressive, but in actual fact all their proposals are nothing more than pious wishes, with which, as we know, the road to...the unknown (let's say) is paved.

I shall give you an example. The opponents of the draft constitution declare that parliament is "decorative" and "pocket," that it has "no control functions," that the president may dissolve it at any moment, that "parliament has no rights," and so on and so forth. But we have the experience of the activity of the 12th Supreme Soviet (1990-1993) and of the first professional parliament, which operated for less than a year. And we saw for ourselves that the deputies, being elected from the people, brought to parliament not only public uproar and a consumerist attitude toward the state but mainly a kind of sense of superiority and disregard for the executive authorities. "You were appointed, we were elected." In a transitional period any parliament elected directly by the people will be, in the main, shrill, arrogant, and cantankerous in some respects and in whose polemical arsenal demagoguery and populism and untenable promises will be prevalent. The vast majority of laws were drafted in the depths of the executive machinery, and the deputies at best submitted amendments which, as a rule, caused a deterioration in the quality of the laws. More than enough has been said about the discipline of the deputies during the sessions, use of the deputy's mandate for personal ends, and so forth. I do not accuse the deputies personally. Society is such, and the medium had lagged behind the reforms. Nor from this viewpoint should unduly big hopes be placed in the future parliament either. It

will take a long time for the members of parliament to gain experience in the discharge of their functions. Critics of the draft propose, essentially, that the same status be established for the Kazakhstan Parliament as for the British Parliament. But we should recognize that we live in Kazakhstan and that no parliamentary democracy has ever encountered such a vast public sector of the economy as there is in Kazakhstan (not to mention the difficulty of transition from a totalitarian system to a market economy). Unless we want our future parliament to automatically approve decisions of the executive and unless we want endless parliamentary debate to make the normal functioning of state power altogether impossible, we have no choice but to attempt to channel cooperation between parliament and the government along a middle path, which would prevent both excessive interference and unlimited freedom. According to the draft constitution, parliament retains a most powerful lever of pressure on the president and the government, namely, control of the state budget. Politicians know that the question of the state budget is the central issue of state power, and it is here that the future members of parliament will need, finally, to bring order to bear. Citizens of Kazakhstan, who bear the burden of the expenditure, must have full information about this. And parliament has control functions in this plane. The executive endeavors to expand; it is parliament's duty, however, to cut short these aspirations. The bureaucracy spends money not from its own purse but from the purses of the citizens. Parliament's job is to monitor the expenditure of the people's money. This is what the future parliament must learn to do primarily, aside from the fact that it will be involved in law-making.

Let us return to the draft constitution. Opponents declare that, according to the draft, the judicial system is fully dependent on the president on the grounds that the head of state presents the candidates for Supreme Court chairman for confirmation by the upper house of parliament, that he appoints the prosecutor general, and so forth. Justices will not be guided by the principle of legality, it is alleged, but will orient themselves exclusively toward the president (as though the latter is not popularly elected but is a "gensec" elected in a small group). Such arguments testify yet again to the absence of a detailed analysis of the state of society and to a total detachment from life's present-day realities. I recall that, as a deputy of the 12th Supreme Soviet, I took part in the confirmation of members of the Supreme, Arbitration, and Constitutional courts and also of members of the oblast courts. The procedure itself was a mere formality, but it ultimately accorded the justices directly *de jure* and *de facto* independence. Independence not only of the president and parliament

but also of the law in many instances. The absence of judicial and legal reform, the slowness and red tape in these bodies, and corruption, prejudice, and bias were the talk of the town. In the United States the appointment of members of the Supreme Court for life is the exclusive prerogative of the president. But I would like to return to Kazakhstan, where political democracy was conceived only recently and where there was no idea of what is meant by the sovereignty of the individual and his independence, private property and private enterprise, political and intellectual freedom, democracy, and the majesty of the law. And none of this can appear in an instant and on a broad scale. These values may be created by a lengthy historical process. It can and should be accelerated in every possible way, but it is not, nonetheless, completed in just several weeks (which the drafters of the so-called "alternative draft constitution" would like). We must learn from the experience of the West, taking into consideration the best achievements of legal and constitutional development, but not borrow it unthinkingly. There are achievements and examples of world civilization which may be applied tomorrow even (and they have been taken into consideration to the maximum extent in the draft), but opponents frequently suggest what may be created in the process of a lengthy evolution. The so-called opposition, having given the draft constitution a cursory glance and infected with the "opposition pathology" virus in addition, rejected this document out of hand. And proposed in exchange institutions and structures that are inapplicable altogether or, at best, are not deserving of attention. It should be understood that any artificial transplant hastily imposed on society will be rejected by it.

The draft constitution proceeds from reality, from the actual state of society and the possibilities of the state, and from the four years of experience of sovereignty and the socioeconomic transformations that we have begun and the political barriers that we have overcome. Opponents of the draft, on the other hand, proceed from abstract concepts. They understand and interpret the system of checks and balances, for example, as the independence of the three branches of power of one another (this is an absurdity, of course, this is not the case in a single civilized country of the world). The authors of the draft, however, are the supporters of united strong state authorities with the precise delineation of the functions of the legislature, the executive, and the judiciary. Considering the scale of the reforms, an enormous role falls to the president and the executive (it is for this reason that the draft assigns the executive priority in the structural plane). The opponents of the draft ignore completely the present historical situation, the traditions that have evolved in society, the sociopsychological and sociocultural basis

of society, and the total absence of parliamentarianism and a multiparty system in Kazakhstan. The authors of the draft took account of all these factors and make no secret of the fact that the source of the reform and its principal driving force is the state bureaucracy. It is perfectly obvious that, despite all its shortcomings, the nomenklatura is the most powerful force of our society capable of influencing historical processes. The constitutions of developed countries of the West were adopted with regard to the historical conditions, traditions, and demands of those societies. The central issues—the separation of powers, a state based on the rule of law, the structure of the state, the place of political parties in the state mechanism, constitutional oversight, the organization of justice, and regulation of the rights and liberties of the citizens—have their specific features in this country or the other. The priority of acts in international law on the rights and liberties of man and citizen over domestic laws has been recognized in stages. But it should be understood that in all the present-day democratic and developed states reforms have always been a determined, subjective action emanating from the upper strata of society, and a paramount condition has been the presence in these countries in the transitional period of strong centralized power in an authoritarian form. It stands to reason that the existence of a stable source of accumulation thanks to internal or external possibilities and social forces interested in reform and the support, if only passive, of a large part of the population and the presence of a certain level of vertical and horizontal mobility in society and a trained bureaucracy with the desire and capacity for implementing reforms were of tremendous significance. The present general and democratic system of values, the nucleus of which is respect for autonomy and human rights, took shape over centuries. The field of activity of the state narrowed by stages, and the role of a freely elected parliament in observance of the activity of the executive and administrative authorities gradually grew.

The opponents of the draft declare that it is "worse than the 1993 constitution" and that the draft "constricts the rights and liberties of man and citizen" and "unjustifiably transfers their regulation from constitutional to current legislation." Yet the 1993 constitution has approximately 60 references to current legislation, the draft 1995 constitution, on the other hand, has half as many. As a matter of fact, it is world practice for the constitution to regulate basic principles, and for current legislation to regulate specific matters by branch of law.

I am far from thinking that the draft constitution is ideal. I believe that certain amendments will be made following the public discussion. But it is often asked: Can a constitution be adopted following a referendum?

The father of American democracy, Thomas Jefferson, said back in 1787: "People are the sole dependable support for our liberty. And ultimately my principle is this: The will of the majority must prevail. If a majority approve the proposed draft constitution in all details, I shall readily accept it—this in the hope that they can revise and supplement their constitution whenever they discover that it is working incorrectly."

Kasenov Discusses Neutrality Policy Chances

954F2931A *Almaty KAZAKHSTANSKAYA PRAVDA in Russian 27 Jul 95 p 7*

[Article by political scientist Umirserik Kasenov: "Can Kazakhstan Become a Neutral State?"]

[FBIS Translated Text] The draft Constitution records that Kazakhstan aspires to a policy of neutrality. In the course of discussion of the draft in the press, the first opinions on such a fundamental and vitally important issue of the foreign policy and defense strategy of the young sovereign state have appeared.

Thus, KAZAKHSTANSKAYA PRAVDA for 19 July of this year published the results of a poll, from which it is clear that "a policy of neutrality is to the liking of a majority of us." Ninety-two percent were unhesitatingly "for." Although the methods and representative character of the poll are open to question, its results are carried by an authoritative and influential newspaper, on the front page, what is more.

And there appears on 21 July in the same newspaper an article by M. Zhumakhanov, who, referring to the fact that a policy of neutrality was pursued successfully by Ablay-khan and other statesmen of the past, declares: "Under the conditions of sovereign development, a policy of neutrality should all the more be the cornerstone of the foreign policy of the Kazakh Republic and its national security."

In addition, it is proposed even now declaring Kazakhstan a neutral state free of alliances (blocs) in peacetime and maintaining its noninvolvement in the event of war.

As far as the historical digression is concerned, it is true, of course, that Ablay-khan maneuvered skillfully between Qing China and Russia, but this is not in itself reason to maintain that this outstanding Kazakh ruler pursued a policy of neutrality. Although he maintained relations with the Qing court, Ablay-khan took out citizenship of the Russian Empire, recognizing its role in the protection of the Kazakh people against an external threat.

International law understands a policy of neutrality as the noninvolvement of a particular state in a war between other states on someone's side or independently. The warring parties, on the other hand, are prohibited from conducting across its territory troops and transport bearing weapons and other military materials and from constructing any military installations.

If we look in the "Diplomatic Dictionary," we learn that neutrality is, for example, an eventuality that is observed only in the case of a given war and may be abrogated by a unilateral act of the state that has declared it.

It may also be permanent, by which is understood "the status of a state in international law in accordance with which it is required not to participate in armed conflicts that could arise between other states, not to join military alliances or blocs, and not to make its territory available for foreign troops and military bases."

If we proceed from this definition, it is perfectly clear that Kazakhstan simply cannot not only at the present stage but in the foreseeable future, either, be defined as a neutral state.

First, on 25 May 1992, the Republic of Kazakhstan and the Russian Federation signed a Friendship, Cooperation, and Mutual Assistance Treaty, which enshrined the commitment to render each other military assistance in the event of aggression in respect to either of them. A treaty on military cooperation and a whole range of agreements concerning the military sphere were signed in development of it. Baykonur and military proving grounds were leased to Russia. Troops and military facilities under Russian jurisdiction are still located on the territory of Kazakhstan.

Second, on 15 May 1992, the Republic of Kazakhstan signed the Collective Security Treaty. And this is nothing other than a military-political alliance.

Third, the draft "Formation of a Eurasian Union of States" presupposes the creation of a single defense space for the purpose of the coordination of defense activity.

It is obvious, considering all this, that the authors of the draft Constitution made in it an entry concerning the aspiration to a policy of neutrality inasmuch as the present status of Kazakhstan in international law simply cannot be defined as truly neutral.

Of course, the aspiration of the young sovereign state to pursue a policy of neutrality reflects its peaceable nature, but to what extent is it realistic in Kazakhstan's geopolitical position and how far does it correspond to the task of ensuring its national security, more simply,

its survivability, preservation of its territorial integrity, and the sanctity of its borders?

And there arise here far from simple questions, the answers to many of which will be clear only in a decade. This being the case, why record in the Constitution a provision concerning the aspiration to pursue a policy of neutrality?

Insofar as Kazakhstan has leased to Russia the Baykonur Cosmodrome, which has not only a civilian but also a military purpose, and also military proving grounds for quite a long period of time, this means that the aspiration to pursue a policy of neutrality could be realized far from soon.

It needs to be recognized also that this entry in the Constitution sends Russia a very unambiguous message that after a certain length of time, Kazakhstan will no longer have a need for a military alliance with it. And that Kazakhstan intends to withdraw from the Collective Security Treaty.

It should also be considered that Kazakhstan's neighbors, primarily China, Uzbekistan, and other states of Central Asia, will draw entirely specific strategic conclusions from this entry. Will they be favorable for Kazakhstan? This also is a very serious question for the geopolitical future.

This entry in the Constitution simply does not jibe either with the fact that we are only at the start of the path of the achievement of accords on the guarding of the external borders of the CIS. For it is perfectly obvious that guarding the external borders by collective efforts, primarily with the assistance of Russia, would be practically impossible in the event of the proclamation of a policy of neutrality.

Can national armed forces of the Republic of Kazakhstan be built and reinforced without the preservation of the military-political alliance with the Russian Federation for the historical long term and without us being part of the single defense space of the CIS?

Kazakhstan is very rich in natural resources, energy and strategic resources included, which could easily be a bone of contention not only between neighbor states, but between distant states also. How would, if necessary, our right to the natural resources be more easily defended?

Alone or in a military-political alliance within the framework of the CIS? By collective efforts and in a bilateral alliance with Russia, of course, as has been the case historically and as is reflected in the Collective Security Treaty and Friendship, Cooperation, and Mutual Assistance Treaty With the Russian Federation.

Of course, this by no means signifies that we need to cultivate a "phobia" in relation to other neighboring states and peoples or craft out of them the image of an enemy which is on the point of perpetrating aggression. On the contrary, we need to develop mutually beneficial, friendly, and neighborly relations with them also, which, in fact, is what young Kazakh diplomacy is doing.

But despite everything here, historically evolved alliances need to be preserved like the apple of our eye. Yes, the USSR has fallen apart, and a new type of relations, in the defense sphere included, is taking shape among the former Soviet republics, albeit with difficulty. And this is an entirely objective process corresponding to the realities and logic of development of contemporary international relations.

It would do no harm to pay attention to such an aspect of the pursuit of a policy of permanent neutrality as guarantees also. It may be guaranteed by some states, the great powers, for example, or not guaranteed. Thus, the status of permanently neutral state of Switzerland and Austria is guaranteed by a number of states by international agreements.

Who would guarantee the permanent neutrality of Kazakhstan, even were it to declare it? Are there any prerequisites for Russia, China, or the United States to do so? It may be said with all certainty that these states would not do so for various reasons. And the guarantees of some other state or group of states would not count for much.

As we can already see, far more questions than answers arise. The grounds for ensuring Kazakhstan's national security on the basis of a policy of neutrality are all too impermanent and uncertain. And the realities of the modern world are all too cruel for us to succumb to euphoria and romanticism.

Whence there can be only one conclusion: A policy of neutrality simply cannot in the foreseeable future be the cornerstone of the foreign policy and national security of Kazakhstan, and for this reason an aspiration to pursue it should not be recorded in the Constitution.

God looks after those who look after themselves.

Shaykenov on Newspaper Ads, Constitution

954F2929A *Almaty EKSPRESS-K in Russian*
27 Jul 95 p 2

[Interview with Deputy Prime Minister N. Shaykenov, by EKSPRESS-K correspondent Georgiy Loria; place and date not given: "Deputy Prime Minister N.

Shaykenov: 'In Time, the Idea of Self-Government Will Win']

[FBIS Translated Text] Aktyubinsk—N. Shaykenov, Kazakhstan's deputy prime minister and at the same time minister of justice, visited Aktyubinsk. His political career began several years ago and in a rather interesting way: He was offered a job of adviser by President of Kyrgyzstan A. Akayev personally. He had already purchased a ticket to Bishkek, when suddenly another offer came— from N. Nazarbayev. As a result, N. Shaykenov stayed in Kazakhstan, where, quite possibly, he has not yet reached the peak of his swiftly rising career.

Shaykenov came to Aktyubinsk also as a member of the president's expert-consultative council on the draft Constitution. EKSPRESS-K's correspondent asked him several questions.

[Loria] Why did the French, of all people, participate in drafting the Constitution?

[Shaykenov] Not only they. My Russian mentor, the famous scholar Sergey Alekseyev, also was in on it. To be more precise, he did an expert evaluation. And said that already in the draft form, our Basic Law looks a step above many CIS countries' constitutions. As to the French—it is because in many respects we took the French Constitution as a blueprint.

[Loria] In the draft, the Russian language gets a new definition. It is not longer the language of interethnic communication—it is now an "officially used" language. At the same time, the Kazakh language, as before, remains the state language. But the notions "state" and "official" are essentially synonymous. Do you not think that in this case the draft's wording is more political than legal?

[Shaykenov] No, I do not. It is the wording in the current Constitution—"the language of interethnic communication"—that is legal flop. The new wording is exactly legal, and in this case it is flawless. The Kazakh language is a state language, and so, naturally, it is the official language. The Russian language, however, is present in different terminological clothing, and it goes like this: "The Russian language is officially used in state bodies and bodies of local self-government as equal to the Kazakh language." We avoid here the word "official," because then we would have to define what is, after all, an "official language." You may come to see me at the Ministry of Justice and talk to me unofficially, as a friend or a visitor, in any language, including German or French. But if you address me officially, you speak either in Kazakh or in Russian.

[Loria] The Cabinet of Ministers soon will finally review the concept of regional administration, drafted at the initiative of the head of the Aktyubinsk Oblast administration, S. Pachin. What is your opinion of this concept?

[Shaykenov] I think that the idea of 'regional, or, to be more precise, local, self-government will win eventually. But we have to have historic and political patience, because right now there is no material base for it.

[Loria] Last year, when you were speaking of the need for legal reform, many Kazakhstan's mass media did not just criticize you—they showered you with dirty, stooge-style criticism reminiscent of the rotten years of repression. One could clearly sense that they were trying, by hook or by crook (mostly the latter), to squeeze you out of the ministerial job. Do you not think that this campaign, which resembled psychological warfare, was inspired by someone?

[Shaykenov] I not only think so—I figure out such things with great precision. I always knew 10 days in advance that a particular article would be coming out.

[Loria] President Nazarbayev made an "addition" to the law on the press. Now newspapers are barred from giving more than 20 percent of their space to advertising. No latitude for privately owned publications. But there are a lot of privately owned newspapers. They do not ask the state for a kopek, are self-sustaining. Why should they be limited in the amount of advertising—is this a concern for the reader's well-being? But they will probably figure out on their own whether they want to pay or not. State-owned newspapers are a different thing, because they are mainly supported by taxpayers' money. But where do privately owned publications come in on this? Who will help them if they lose advertising?

[Shaykenov] Is there really such a restriction? I ought to give this thought, look into current practices. I am willing to talk on this subject with people who have the authority over this matter—on modifying the restriction.

Six-Month Economic Statistics/Part 2

LD0108171495 Almaty PANORAMA in Russian
29 Jul 95 p2

[Second of two installments]

[FBIS Translated Text] The State Statistics Committee has analyzed the social and economic situation in the republic in the first half-year.

Industrial Production

In the first sixth months of this year industrial enterprises under all forms of ownership, as well as indus-

trial subdivisions of nonindustrial organizations, produced output (and work and services) worth 301.3 billion tenge at current prices. The trend was for the decline in production volume to slow gradually over the six months in comparison with the same period last year. The volume of industrial production fell 15.9 percent, while in the same period in 1993 it fell 29 percent.

Output volumes were higher in May in the following areas: nonferrous metals (4.4 percent higher), timber, wood processing and the cellulose-paper industry (20.1 percent higher), the construction materials industry (1.1 percent higher), and the food industry (1.2 percent higher).

The decline in production in the oil refining, metallurgical and construction materials industries over the first six months displayed something of a slowdown compared with the same period last year. Output in the fuel and power sectors fell to a lesser extent than it did across the republic as a whole: it fell 2.9 percent in the electricity industry, 6.1 percent in the oil-extracting industry, and 7.1 percent in the oil refining industry.

Production in the processing industries is increasingly being shaped by the correlation between supply and demand, and by consumer buying power. There was a substantial decline in output in those sectors producing goods used for investment purposes, as well as consumer goods. A substantial lag continued to exist through the period January-June in light industry (60.1 percent), the food industry (41.7 percent) and the construction materials industry (35.9 percent).

Production volume fell at 1,985 enterprises (almost one in three) in comparison with January-June 1994; in other words, there was a shortfall in output equivalent to 83.1 billion tenge, or 27.6 percent of all industrial output in the republic.

The financial state of industrial enterprises remains difficult. One of the reasons why enterprises find themselves in financial straits is the debts owed to them by clients, customers who have placed orders, and other debtors, and also the debts which the enterprises themselves owe their suppliers. As of 1 June 1995, the debts owed to industrial enterprises across the republic amounted to 195 billion tenge, 41.5 percent of which were overdue debts (as of 1st May 1995 this figure was 37 percent). The debts they themselves owed came to almost 278 billion tenge (71.5 percent of the overall volume in the republic), 38.7 percent of which were overdue (as of 1 May this figure was 35 percent). Furthermore, the amount by which debts payable exceeded debts receivable increased. This difference was 21.9 billion tenge on 1 May, and had reached 26.5 billion tenge on 1 June 1995.

In addition, industry generally is being badly hit by prolonged standstills at enterprises and at some production plants. Although the number of the enterprises suffering a long-term period standing idle (affecting more than one shift) decreased from 465 in May to 457 in June, lost work time increased from 1,730,000 to 1,811,000 man-hours a day (which is equivalent to 25.1 percent of the official reserves of work time). Last month 60 enterprises stopped production entirely; this was 13.1 percent of those enterprises that sustained periods of standing idle (in May there were 68 which stopped production entirely). As a result there was a shortfall of 7.7 billion tenges' worth of products.

The main reason why enterprises stand idle continues to be their difficulty in securing material resources (73.7 percent of the total loss of work time); 23.8 percent of this was due to lack of funds and almost 15 percent of it was due to insolvency. Construction In the first six months of this year enterprises and organizations under all forms of ownership within the Republic of Kazakhstan assimilated capital investments of 43,629 million tenges in current prices (including investments by joint ventures and foreign firms), including 22,032 tenges in construction and assembly work. Expressed in comparable prices, these figures were 41 and 56 percent, respectively, down on January-June last year.

The material production sector assimilated 32,854 million tenges in capital investments, or 75 percent of all capital investments in the republic.

The structure of sources of investment funding changed, with the proportion provided out of enterprises' and organizations' own resources rising from 73 percent in the first six months of 1994 to 92 percent in the first six months of 1995.

The sum of 614 million tenges was allocated out of the republic's budget to implement targeted national programs for revitalizing the ecological situation, improving living conditions in the Aral Sea zone, clearing up the aftermath of testing at the Semipalatinsk nuclear test range, and developing remote settlements. Of this sum, only 9.5 million (or 1.6 percent) was actually used in the first six months of the year. Capital investments of 10,775 million tenges from all funding sources were spent on social-sector construction over the last six months. This is 56 percent less than in the same period last year. Most of the capital investments not used for production purposes (62 percent) were spent on housing construction.

The housing which enterprises and organizations under all forms of ownership put into use in January-June this year covered a total area of 693,900 square meters, which was 258,600 square meters or 27 percent less

than in January-June last year. Two-thirds, or 450,500 square meters, of the total housing area was built by enterprises and organizations not owned by the state.

Agriculture

Gross production volume in the agricultural sector across the republic in January-June this year was 36.6 billion tenges, 19 percent less than in the same period last year.

Plant Cultivation

Spring grain-sowing in the republic finished in the first half of June. The redistribution of land which took place in the course of privatization has resulted in a situation where 26 percent of the whole sown area belongs to the state sector while 69 percent is concentrated in nonstate agricultural enterprises, including collective farms. Peasant farms and subsidiary farms held four percent and one percent, respectively, of the total area of sown land. They held 1,090,000 hectares (a third more than in 1994).

Transport

In the first six months of the current year, the volume of freight transport amounted to 107.9 million tonnes, which is 30 percent less than in the first six months of 1994.

The volume of railway freight transported in the first six months of 1995 was 76.3 million tonnes (in comparison with the same period of 1994 it decreased by 12 percent).

General motor-vehicle transport in the first six months carried 30.9 million tonnes of freight and 884 million passengers. For the half-year, freight and passenger transport volumes decreased by 53 percent and 9 percent respectively.

Nonstate enterprises accounted for 6.9 million tonnes or 22 percent of the total of freight transported, and 30 million passengers or 3.4 percent of the total. Volumes of freight and passenger transport by non-state sector enterprises decreased by 50 percent and 25 percent in the first six months of this year, against the same period of the previous year.

The volume of freight and passenger air transport in the first six months of the current year decreased in total by 8 percent and 23 percent respectively. In June, as compared with the same period of 1994, freight and passenger transport fell by 12 percent and 15 percent respectively.

In the first six months and in June of this year, the efficiency of air transport use decreased. The coefficient

for the use of passenger seats and freight-carrying capacity decreased on average by 50 percent.

Foreign Economic Activity

In January-May 1995, Kazakhstan's foreign trade turnover amounted to \$2941.3 million and, as compared with the same period of 1994, increased by 10 percent, including exports by \$1668.2 million (56 percent) and imports by \$1273.1 million (a decrease of 20 percent).

The increase in export volumes this year, in comparison with the previous year, was accounted for by exports of ferro-chrome (to the sum of \$25.5 million) to Belgium, Great Britain, Greece and Turkey; crude oil (\$67.5 million) to Switzerland; and cotton (\$10.6 million) to China and Switzerland.

Moreover, the increase in exports was helped by a rise in prices for the goods exported. Thus, in 1994, the cost of one tonne of chrome ore sent to Russia was \$28.6 and was \$52 in 1995; bituminous coal shipped to Kyrgyzstan - \$19.5 and \$30.5, and crude oil dispatched to Great Britain - \$20 and \$100 per tonne.

Forty-seven percent of the total export volume was accounted for by base metal deliveries (in the same period of 1994 - 42 percent), mineral products - 27 percent (32 percent), and chemical industry output - 8 percent (10 percent).

Exports in freely convertible currency in the first five months of this year amounted to 44 percent of the total volume of exports (in the same period of the previous year - 34 percent). Barter transactions remained at the January-May 1994 level and accounted for 27 percent.

The reduction in the volume of imports to the republic (by 20 percent in comparison with January-May of 1994) was due primarily to a two-fold reduction in power energy imports.

Goods imported in freely convertible currency accounted for 56 percent of the total import volume this year, that is 20 percent less than last year, and barter transactions accounted for 14 percent, or two percent more.

Social Situation

Population Income and Expenditure

According to data on private households, the average per-capita personal income in May amounted to 1,538 tenge, including 2,158 tenge in urban, and 928 tenge in rural households.

In spite of the considerable income differences, urban households spent 49 percent of their income on food,

and rural households - 47 percent. Expressed in absolute terms, expenditure on food in rural households amounts to less than 60 percent of the cost of the minimum consumer food basket. This is explained by the presence of subsidiary economic entities, which have a yet more powerful influence on the formation of the rural population's budget.

The trend toward a fall in real personal incomes has not yet been overcome: in May, as compared with January, they amounted to 89 percent, including 88 percent in urban households, and 101 percent in rural households.

According to the Labor Ministry, the minimum subsistence income on 1 June amounted to about 2,000 tenge and, according to the State Statistics Committee, to 2,230 tenge. Thirty-seven percent and 44 percent of the republic's population respectively were below these indicated poverty markers. The personal income of the poorest 10 percent of the population did not exceed 1,200 tenge, and that of the wealthiest 10 percent did not fall below 5,100 tenge. In terms of average per-capita personal income, 0.92 percent of the population had less than two minimum wages, 1.26 percent had 2-3 minimum wages, and 4.47 percent - 3-4.

Wages

In May this year, the average nominal monthly wage of workers employed in sectors of the republic's economy went up by 7.7 percent and amounted to 4,613 tenge, equivalent to \$72.7 at the National Bank's official rate as of 2 June 1995. At the same time, wage levels in individual areas of the economy continue to vary significantly: the average wage throughout the production sectors in May amounted to 5,255 tenge (a 9.4 percent increase on the month), which is 60 percent higher than the equivalent indicator in the nonproduction sector (3,259 tenge).

Despite the measures being taken by the republic's government to increase wages in budget-financed organizations, the level of wages in May this year for workers in education, health care, culture and the arts and social security was between two-sevenths and five-thirteenths of the level in industry.

Although throughout the republic there is still a trend toward stable growth in average nominal wages, real wages in January-May this year - given the growth in consumer prices for goods and services - were down by almost 16 percent (in May they rose by five percent).

Employment

The number of workers employed in the republic's economy (excluding collective farms, collective agricultural and peasant (privately-owned) plots, joint ventures

and small enterprises) totalled 4.66 million people in January-May this year.

There is still a problem in finding work for citizens applying to employment services, because of the drop in demand for labor. At the beginning of July this year, the number of registered unemployed in the republic (95,800) was 230 percent higher than the demand declared to employment services by enterprises, which amounted to 28,900 (at the beginning of July 1994 the respective figures were 52,200 and 45,900).

The situation with regard to latent unemployment likewise remains tense. According to information from regional employment services, 213,000 workers were on enforced leave at the beginning of July this year, a 20 percent increase on the beginning of June 1995. Provided by the State Statistics Committee of the Republic of Kazakhstan.

Kyrgyzstan

IMF Bankrupt List Includes Profitable Plant

MM0108140395 Moscow PRAVDA in Russian
1 Aug 95 p 1

[Report by Yuriy Razgulyayev: "Sentenced To Be Liquidated"]

[FBIS Translated Text] Bishkek — F. Kulov, head of Chuy Oblast Administration, has asked the government to strike Kant Cement and Slate Combine from the list of enterprises included in the PESAC [expansion unknown] program. Let us recall that this program, which is being implemented under the vigilant eye of the IMF and the World Bank, proposes compulsory bankruptcy and the breakup or even simply the liquidation of enterprises which, in the opinion of transatlantic experts, do not enter into market relations. They have counted 29 such collectives in Kyrgyzstan. They are almost all large enterprises of union subordination, as we used to say. The basis of the republic's industry.

The cement and slate combine was also included on the list of those to be liquidated. But when they investigated, it came to light that the enterprise is making a profit. Last year alone it made a profit of 8.7 million soms. The quality of its output is even above world standards, and its cost is the lowest in the region. There is another detail which, as we see, is quite important to the "liquidators" — 1,500 people work at the enterprise today, and the cement workers' tax payments make up 70 percent of the rayon's entire budget.

It would be interesting to learn how Mayli-Say Electric Lamp Plant ended up on this list. It is, incidentally, the only one in the whole of Central Asia. Is it really more advantageous to transport incandescent lamps many

thousands of kilometers than to preserve a modern, efficient production facility? For even the most complex special equipment for it was made in Bishkek.

When the PESAC program was being adopted, the government was obviously tempted by the IMF's promises to allocate \$60 million to clear these enterprises' debts. Probably the young state really was in need of the money. But are the losses resulting from the liquidation of the republic's best enterprises comparable with this sum? The example of Kant Cement and Slate Combine makes us ponder yet again on this question.

Kyrgyz-Russian Aircraft-Manufacturing Agreement Signed

LD0108164995 Bishkek Kyrgyz Radio First Program
Network in Kyrgyz 1300 GMT 1 Aug 95

[FBIS Translated Text] An agreement was signed in Bishkek today on business cooperation in aircraft construction between the Russian Tupolev aviation scientific and technical company and the joint-stock company of the Kyrgyz Dastan transnational corporation.

The aim of the visit of the Russian delegation was to discuss preparations for producing the TU-34 dual-engine multipurpose mini-plane and for leasing one TU-204 plane to Kyrgyzstan.

Apas Dzhumagulov, prime minister of the Kyrgyz Republic, Deputy Prime Minister Moyseyev, the president of the Kyrgyz airlines company "Orozbayev", and Valentin Klimov, general director of the Tupolev joint-stock company, attended the talks.

President Askar Akayev of Kyrgyzstan, who was present at the signing ceremony, said it was the first swallow heralding the spring of our industry. [Bishkek Kyrgyz Radio First Program Network in Kyrgyz at 1100 GMT on 1 August reported that this agreement stemmed from a Kyrgyz government resolution of March 1995 setting up a Kyrgyz-Russian joint venture for producing aircraft]

Tajikistan

Government Mission to Refugees in Afghanistan

LD0108160995 Dushanbe Radio Tajikistan Network
in Russian 1000 GMT 1 Aug 95

[FBIS Translated Excerpt] A government group from the Republic of Tajikistan, led by Shujurkon Zuhurov, minister of labor and employment of the population of the republic, will leave for Balkh province of the Islamic State of Afghanistan tomorrow, with the aim of visiting the camps of Tajik refugees and returning them to their places of permanent residence, in line with the

decision of the fourth round of inter-Tajik negotiations in Almaty. [passage omitted]

According to UN mission data on refugees, there were a total of 60,000 Tajik refugees in Afghanistan. Since the beginning of 1993, about 39,000 of our fellow citizens have returned to the motherland. Also, according to UN data, 10,000 refugees still remain in Afghanistan. About 11,000 people have not been registered, consisting of those who had either returned to Tajikistan by a roundabout route and had not entered the lists of those who returned, or who had left for third countries.

Today the government of the republic is undertaking all measures to return those 10,000 of our fellow citizens who are still in the refugee camps in Afghanistan to their places of permanent residence. The departure of the government group to the camps of the Tajik refugees in Afghanistan is one of the measures being taken by the government. [passage omitted]

Government Steps Up Measures To Return Refugees

*LD0108124795 Moscow ITAR-TASS in English
1220 GMT 1 Aug 95*

[FBIS Transcribed Text] DUSHANBE, August 1 (ITAR-TASS) — The Tajik government is taking energetic measures to step up the process of the return of refugees to their homes and believes that this is one of the most important conditions for reaching civil peace and national reconciliation, said department chief of the Tajik foreign ministry, Zafar Zaidov, in an interview with ITAR-TASS.

The process of the return of refugees to their homes from the Gorno-Badakhshan autonomous region has already begun monitored by international organizations. Around 9,000 Tajik refugees residing in the Gorno-Badakhshan autonomous region are expected to return home until the end of this year, Zaidov said.

Another group of 500 repatriates is arriving in Dushanbe from Khorog today to be subsequently taken to their native places under guarantees of safety provided by the Tajik government. A Tajik government delegation led by the employment minister Shukurjon Zuhurov is leaving for the Afghan province of Balkh on August 2 to step up the process of the return of refugees from Afghanistan. According to official reports of the U.N. commissariats for refugee affairs, around 10,000 Tajik citizens are currently staying in Afghanistan with the largest number of them residing in the Balkh province.

Measures have been taken to ensure the return of refugees and emigrants on voluntary basis from CIS countries where according to various reports from

300,000 to 500,000 Tajik citizens are staying. To step up this process the Tajik government adopted a number of resolutions on social privileges to Tajik citizens returning to their native country, Zaidov said.

Opposition Examines Delay in Exchange of POWs

*LD0108132395 (Clandestine) Voice of Free Tajikistan
in Tajik 0300 GMT 1 Aug 95*

[FBIS Translated Excerpt] The exchange of POWs which, as our dear listeners will be aware, was supposed to take place by 25 July has not taken place. We have expressed our views on this more than once, but as it is at the center of serious discussion we thought it necessary to talk about it again. The problem is not actually a (?new) one. At the Almaty talks held at the end of May this year it was agreed that the two sides would exchange an equal number of POWs and political prisoners in the last 10 days of July. The International Red Cross initiated this, and immediately after the accord was signed its employees started to carry out their responsibilities. [passage omitted]

According to Abdulghaffor Burhoni, the chairman of the political apparatus of the leadership of the Islamic Movement of Tajikistan, a list of 21 POWs who were due to be exchanged were handed over on time to the International Red Cross and to those who are responsible for the exchange on the Tajikistan Government side.

As will be recalled, on 24 July this year a meeting took place between representatives of the Dushanbe regime and the Tajik opposition in Kunduz in the Islamic State of Afghanistan, where it was mainly this issue that was discussed. The meeting was attended, on the Tajik side, by Safarali Sayfulloyev, deputy security minister responsible for borders, who headed the delegation, Zafar Ikromov, senior advisor to the president of the Republic of Tajikistan, and Hamrokhon Zaripov, the head of the Foreign Ministry's personnel department; and by Davlat Usmon, deputy head of the Islamic Movement of Tajikistan, Abdulghaffor Burhoni, head of the political apparatus of the Tajik opposition leadership, and other officials.

Although the regime's representatives had in their hands a list of prisoners whom they wanted to exchange for opposition political prisoners, they did not hand it over. Ikromov took it upon himself to submit the list the following day and to take the names of the Tajik opposition political prisoners and of those prisoners whom the opposition hold back to Dushanbe. Yet neither on the promised day nor on subsequent days was this wish [word indistinct] made a reality. [passage omitted]

When we look at the new report from the apparatus of the opposition leadership we can see fresh facts and figures. Earlier there were 163 persons listed by them [the government]. Burhoni said that unfortunately, these people have not been and are not now in the opposition's hands. The most likely assumption is that these people were either murdered in the clashes that took place last year, or else they have deserted. There are strong pointers toward these two possibilities, because last year many people were killed in clashes in Tavildara and Viskharv. It is also perhaps out of fear of public protest that the military are covering this up and making parents hope that their children are in prison and will be exchanged. [passage omitted]

A few days later, on 19 July this year, the regime submitted another list containing 21 names of political prisoners, saying that these people and no one else would be exchanged for the POWs. This came at a point where, 20 days ago, the Islamic Movement of Tajikistan had already submitted a list of the prisoners to be released — not one of these was on the regime's new list. The question arises of what the meaning of all this is.

In Burhoni's view the aim is to delay the act of (?exchange). They are suggesting people who were not and are not actually imprisoned by the opposition, while submitting the names of prisoners who have not been requested by the opposition side.

So that, in brief, is the issue of the exchange of POWs and prisoners who were due to be exchanged by 25 July.

At the end of our conversation with Burhoni he showed us a new list that was recently submitted by the regime. According to Burhoni, these names are new to us and we do not hold these prisoners!

We want to publicize the names of these unlucky persons and to make their parents and relatives aware that their children are not held by the opposition and let them look elsewhere, or ask the regime leaders what they have done with their children. [passage omitted]

'Worsening Trend' Continuing on Afghan Border

MM0108121595 Moscow ROSSIYSKIYE VESTI
in Russian 1 Aug 95 p 2

[Report from the "RV Monitoring" column: "Tajikistan"]

[FBIS Translated Text] The situation on the Tajik-Afghan border has deteriorated. Four armed groups, each numbering around 30 men, have crossed into Tajik territory in the Shuroabad sector, where they plan to combine into larger formations. Considerable forces of guerrillas belonging to the Tajik opposition

are concentrating in a number of Afghan provinces in the immediate vicinity of the border with Tajikistan.

Russian border troops have come under attack from a group of aggressive inhabitants of Khorog. The Democratic Party of Tajikistan has come out in favor of Russia's economic, political, and military presence in the republic. Mukhabbatov, one of the leading figures in the Pamir opposition, has assumed the role of mediator in the settlement of the inter-Tajik crisis.

The worsening trend concerning the military situation on the Tajik-Afghan border will persist in the immediate future. Attempts by mojahedin to penetrate the border, particularly the Pamir section, are possible. Substantial progress in settling the inter-Tajik conflict is scarcely to be expected as a result of the planned talks between Mukhabbatov, chairman of the Council of the Jihad of the Gorno-Badakhshan Autonomous Formation, and Nuri, leader of the Tajik opposition.

Turkmenistan

Article Lauds Nazarbayev's Leadership

LD2807151295 Ashgabat TURKMENSKAYA ISKRA
in Russian 19 Jul 95 p1

["Motherland, my life belongs to you! - lessons in patriotism from Saparmyrat Turkmenbashi"]

[FBIS Translated Excerpt] The dreams of our ancestors and people about an independent country has come true — Turkmenistan has turned into a stable state through the patriotic efforts of Saparmyrat Turkmenbashi, who has become the stalwart in whom all Turkmen place their faith and hope. [passage omitted]

It is no secret to anyone that, during the period when our independence was developing, there were those who were not too pleased with the people's freedom, and who tried to cast aspersions on their calm and unity. They pushed ahead with their dark schemes in pursuit of their own goals by sowing dissent and alarm among people, and by using the collapse of the former USSR, which was difficult for the people. It is awful to imagine even for a moment what misfortunes and sufferings would have befallen the people if any of these scoundrels had gained control of the helm of power. However, God stuck by our people by sending them Saparmyrat Turkmenbashi, whose oracular foresight, wisdom, and great efforts saved us from misfortune and discord. [passage omitted]

A great deal had to be built up from zero, by laying the foundations for the economy and for new industrial relations with resources that were unknown. Only a naive and ignorant person would rely on miracles and

on becoming rich in a day. Turkmenbashy was devoid of illusions. While compassionate toward his people, he has displayed firmness where needed in the interests of independence and stability. As someone who serves his people as a true Turkmen serdar [leader], he does not balk at difficulties and does not seek to ingratiate himself in anyone's opinion; he has never been led by public opinion.

One more piece of evidence of his concern for the people is the latest increase in wages. However, there are those who would bad-mouth this, saying that if wages go up, so will prices. Unfortunately, among our people, who are generally devoid of spite and cowardice, there are some who are prepared to fish in troubled waters and sling mud at their own people. It is not difficult to identify the roots of their infamy. They are gambling on the difficulties of the transitional period and donning the garb of sympathy for the people, while in reality they are mocking the people's dignity and honor.

It seems they derive fun from amusing themselves with gossip and falsehood, infamy, and low behavior. Some of them may not be against returning to the old order, where there was no freedom, sovereignty, dignity, or honor. They cannot see any further than their own noses, yet they assume the right to speak for the people. Did anyone give them this right? No, they helped themselves to it; but in their ignorance and cynicism they failed to notice that the people have become free, have acquired faith, and have revived their history and spirituality. The people have acquired the ability to start becoming richer through honest toil.

Do you want to build a house several stories high, get some domestic animals, and acquire some land or wealth? Go ahead — as long as as you do it by good, honest toil. How can anyone be unhappy with that? Can anyone hold a grudge against Niyazov because he has placed our independence and freedom above all else? Can anyone hold a grudge against Niyazov for steering his people along the road of moral revival?

So, who is it that is dissatisfied? Is it the worker or the peasant, busy with their everyday concerns? No! It is those who have become rich through dishonest means, by gambling on temporary difficulties and taking advantage of rumor, slander, hearsay, and sometimes also people's natural dissatisfaction with various difficulties. Although they spread rumors and scare people by talking about price rises, it is actually they who bump up the prices on the unofficial market.

The methods they use to express their dissatisfaction are uniformly primitive. We may recall that before independence, a group of renegades gathered in the

Geok-Tepe fortress and was indignant that it was not being reconstructed and the dead were not being remembered. Now that the fortress is being revived, a beautiful mosque is being built, and Saparmyrat Turkmenbashy has announced a remembrance day, they are once again dissatisfied — only now it is with the reconstruction. How two-faced they are and how crafty their plans are! They have only one objective: to sow discord among honest people and to disrupt people's peaceful lives in order to pursue their dark, selfish deeds with impunity.

They use as their cover the names of such spiritual figures, such pillars of the nation as Gurbanmyrat-Ishan and Nurberdy-Khan, and make proclamations about the dignity and honor of the people. But behind these arguments lies a taste for alamans, robbery, and plunder.

Our people have always, however, been able to differentiate between evil and good, lies and sincerity. It is not for nothing that they respect the sardars of history for the fact that, while expressing the hopes of ordinary people and sharing all their difficulties in times of trouble, they dealt harshly with those who sowed discord and created strife in the country. Our people have always placed unity and calm above all else.

At a recent meeting with academics, Saparmyrat Turkmenbashy said: "We should all be ready to give up our lives for the motherland if necessary, and not to care about ourselves. However, today there is no need to take up arms to defend our motherland. Today we should protect our motherland with our hearts and minds; we should care for and increase its wealth." These words come from the great school of patriotism, honor, and dignity. If the people follow and support such a just and impartial leader, they will never sully their honor and will never let anyone harm the country or its unity.

Our president's destiny and deeds are accompanied by the blessing of the Almighty. No one will be able to disrupt the pace of the racehorse as it gallops along the main track of its life — the track of independence.

Foreign Trade Ministry Issues Report on Investment

*LD0208094495 Almaty AZIYA-EZH in Russian
No.2, Jul 95 p 19*

[Report by the Ministry of Foreign Economic Relations of Turkmenistan: "Turkmenistan's Foreign Economic Policy: Facts and Figures"]

[FBIS Translated Excerpt] According to preliminary information released by experts from Turkmenistan's Ministry of Foreign Economic Relations, the most important element in an appraisal of the state's foreign

economic activity is that Turkmenistan's foreign trade balance with foreign states was positive for the first four months of 1995. Positive figures in Turkmenistan's balance of payments with foreign states are the result of pressure applied to the processes taking place in foreign economic activity, with the aim of securing stable economic development. [passage omitted]

A total of over 300 enterprises with foreign capital, offices, and affiliates of foreign firms representing the business world from over 45 countries in Asia, Europe, America, and Japan are operating in various fields of economic activity on the territory of Turkmenistan.

A total of seven free enterprise economic zones have been set up to enable them to operate effectively. In these, the Turkmen legislation envisages special tax breaks, encouraging the influx of foreign investments into our country's economy.

Goods worth 2.3 billion manats were manufactured in the first five months of 1995 by joint ventures, branch offices of firms, and foreign company affiliates which are engaged in production activity in the manner prescribed by their statutes. This also includes consumer goods and textile industry production worth 87.1m manats, construction materials worth 40.2 million manats and food products worth 4.8 million manats.

Foreign investments worth hundreds of millions of dollars have now been attracted to Turkmenistan's economy on a long-term basis. A total of over 320 establishments for production, socio-cultural and communal purposes, with a total value of about \$3.5 billion, have been or are being built in Turkmenistan with the participation of construction companies from Turkey, Italy, Germany, the United States, Russia, Israel, and many other foreign countries.

By 1 July 1995, construction of over 80 facilities had been completed, including one of the largest airport terminals in Central Asia with the capacity to handle 1,600 passengers an hour; dozens of cotton spinning factories and cotton processing plants in the country's regions and districts; 16 mini-workshops for processing meat and milk; 15 workshops for dried fruit and vegetable production; six brick factories with an overall capacity of over 100 million bricks a year; a macaroni factory in Ashkhabad; a factory producing baby food in Ashkhabad district; a world standard digital telephone exchange designed for 5,000 numbers and capable of raising the quality of the service offered to subscribers; a porcelain factory in Nebit Dag and many other facilities. [passage omitted]

Uzbekistan

Tashkent Seen as Chief Beneficiary of Talks With Moscow

MK0108105695 Moscow SEGODNYA in Russian
1 Aug 95 p 3

[Commentary by Elmar Murtazayev: "A Visit in Favor of Receiving Side. Political Results of Russian-Uzbek Talks Boil Down to Signing a Military Agreement"]

[FBIS Translated Text] The results of Russian Federation Prime Minister Viktor Chernomyrdin's visit to Uzbekistan sound impressive — 15 documents signed, including an agreement on the main principles of economic cooperation for 1995-1996, and a memorandum on broader relations between the two countries — which means, in the opinion of Russian diplomats, first, "a considerable advance" in the political sphere and, second, "the final solution" of economic questions.

Nevertheless, the streamlined diplomatic rhetoric is unable to conceal in the total picture of the talks some rough patches that take some of the luster off the Russian success.

It is hard to make a judgment about any advance in the political sphere, because only one serious political document was signed at the end of the talks — a separate protocol on broader military relations. The military superpower of the Middle East region (according to the Stockholm Institute of Strategic Studies, Uzbekistan has the largest and technically most well-equipped army in Central Asia) has virtually solved the problem of material support for its armed forces.

The other questions of the political package have been left without solutions formalized in documents. This is first and foremost the problem of the Russian-speaking population, on whose status Mr. Chernomyrdin received all the necessary information from Mr. Karimov in the course of the discussions with him. The information, as interpreted by the Uzbek president, was so detailed and convincing, one would have thought, that the Russian premier concluded: "The peak of this problem has been passed." Possibly they had managed to persuade the premier of that even before the talks, because the key political agreements "On Migration" and "On the Status of Russian Citizens" were not included — through the efforts of Uzbek diplomats — among those discussed. What the Russian-speaking population thinks about this is impossible for journalists to find out, because the Uzbek side also took off the agenda, along with the above agreements, an agreement on the status of the Russian media.

Thus, it is only one of the sides that has achieved a "considerable advance" in the course of the Tashkent visit. It was not the Russian side.

As for the "finally solved" economic questions, the optimism of the Russian statesmen is clearly premature. Uzbekistan's stance at the talks was advantageous right from the start: This is virtually the only country in the CIS that has a trade surplus with Russia (Russia's total exports in 1995 will amount to \$301 million and its imports will be \$412 million). Preaching a strategy of economic independence, Islam Karimov pressed for consideration of and succeeded in having signed an agreement "on measures to insure mutual convertibility and stabilization of the ruble and Uzbek sum rates." Uzbekistan is just starting to tackle the problem of the convertibility of its own national currency (there was no free currency trading in the republic before June) and such an agreement is very timely for it.

Furthermore, the key problem of mutual debts remains unexplored. Russia owes Uzbekistan more than \$190

million for shipments of cotton and no repayment mechanism has yet been negotiated. What is more, the Russian textile industry is piling up debts producing fabrics that have no buyers. The Russian Government dares not suspend state purchases of Uzbek cotton: [Female] weavers in Ivanovo are not going to like such a setup in "Our Home," and they would perhaps all vote for "Women of Russia." At the same time, Russia's technical credits granted to Uzbekistan in the ruble zone epoch at a token 1 to 3 percent a year have turned under the pressure of many years' inflation into ludicrously small sums amounting to \$90 million today. To repay what was a rather substantial sum in 1991-1993, which enabled Uzbekistan to relatively painlessly reorient its raw material sectors toward the foreign market, is now something the Central Asian country can very well afford. It is no accident at all that the Uzbek president has made public a debt repayment schedule and promised to pay all the debts before the year 2000.

Armenia

Reportage on Visit of NATO General MacKenzie

Received by President, Prime Minister

NC0108201495 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 1 Aug 95

[FBIS Translated Text] Armenian President Levon Ter-Petrosyan received on 1 August Deputy Commander of NATO United Forces in Europe Jeremy MacKenzie.

The Armenian presidential press service reports that while greeting General MacKenzie, Armenian President Levon Ter-Petrosyan expressed the hope that this visit will help develop cooperation between Armenia and NATO. Various matters relating to regional developments were examined during the conversation.

Armenian Foreign Minister Vahan Papazyan, senior adviser to the Armenian President Zhirayr Liparityan, Armenian Ambassador to Great Britain Armen Sargsyan, and the French Ambassador to Armenia France d'Artem were present at the meeting.

Prime Minister Grant Bagratyan also received Deputy Commander of NATO United Forces in Europe Jeremy MacKenzie today. Matters relating to military cooperation within a [word indistinct] framework were discussed during the meeting.

Foreign Minister Comments on Talks

NC0108195595 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 1 Aug 95

[FBIS Translated Text] A news conference was held at the Foreign Ministry today by Armenian Foreign Minister Vahan Papazyan and the Deputy Commander-in-Chief of the NATO United Forces in Europe, General Jeremy MacKenzie. Our correspondent Lida Ghazaryan was there.

[Begin recording] [Ghazaryan] The news conference in effect concluded the visit to the region by the delegation headed by Deputy Commander-in-Chief of the NATO United Forces in Europe General Jeremy MacKenzie. The general stated that the main purpose of the visit was to find out how Armenia was going to implement NATO's Partnership for Peace program. With this in mind, the delegation held quite useful meetings and talks with the leadership and ministers of our republic, visited a number of garrisons of the republic's Armed Forces, and formed a clear picture regarding Armenia's requirements for this program.

Before coming to Armenia, we visited Georgia and Azerbaijan and we observed how much these three republics differ from each other despite being located

in the same region. However, our program is so flexible that we can take these differences into account, stressed General Jeremy MacKenzie.

Noting the importance of the delegation's visit to our republic, Foreign Minister Vahan Papazyan said:

[Papazyan] Armenia has already drawn up a program. It has also been [word indistinct] by the government commission headed by the Armenian foreign minister. We have already sent that draft to Brussels. We agreed with the esteemed Gen. MacKenzie that, after joint examinations both there and here in Yerevan, the text will be finalized and probably will be finally ready in November or September. I am convinced that this program will be to the benefit of the Armenian republic. We will be taking into consideration all those political, military, economic, financial problems which may arise in connection with Armenia's participation in the Partnership for Peace program.

[Ghazaryan] Finally, Gen. MacKenzie and Foreign Minister Vahan Papazyan answered reporters' questions. [end recording]

MacKenzie Holds News Conference

NC0108194295 Yerevan SNARK in English 1353 GMT 1 Aug 95

[FBIS Transcribed Text] Yerevan, August 1 (SNARK) — Jeremy MacKenzie, the Deputy Commander-in-Chief of NATO's joint forces in Europe, is visiting Armenia as a head of a NATO delegation. He believes that the Armenian Army is in excellent form.

At a press conference held today at the Armenian Ministry of Foreign Affairs, MacKenzie expressed his wonder at the progress the Armenian Armed Forces underwent in the past year and their highly skilled officers.

MacKenzie said that the aim of the delegation is to become familiar with the way the "Partnership for Peace" program is being carried out in Armenia. He said that meeting with the leaders of Armenia allowed them to make their views clear about the main directions of their cooperation as part of the program.

Role in Karabakh Ruled Out

NC0108182895 Yerevan SNARK in English 1353 GMT 1 Aug 95

[FBIS Transcribed Text] Yerevan, August 1 (SNARK) — Jeremy MacKenzie, Deputy Commander-in Chief of NATO's joint forces in Europe, held a press conference today in Yerevan devoted to summarizing the visit of

NATO's delegation to Armenia. He excluded the possibility of NATO's interference with the NKR [Nagorno-Karabakh Republic]-Azeri conflict.

During the meeting between the Armenian leaders and the NATO delegation, details of Armenia's participation in NATO's "Partnership For Peace" program as well as national and regional military-political issues were discussed.

Army's Peace Partnership Role Viewed

LD0108172295 Moscow INTERFAX in English
1648 GMT 1 Aug 95

[FBIS Transcribed Text] Yerevan, Aug 1 (INTERFAX) — Deputy Commander of NATO Forces in Europe Jeremy MacKenzie has praised the Armenian army's combat readiness.

At a news conference in Yerevan Tuesday [1 Aug], he spoke of being amazed at the progress the army has made in such a brief timespan.

The NATO delegation arrived in Yerevan on July 30 to discuss Armenia's possible involvement in the NATO-sponsored Partnership for Peace program.

It had already visited Tbilisi and Baku.

MacKenzie said Yerevan had offered its own plan of involvement in the Partnership program, which is to be approved in Brussels in the fall.

Although this is his first visit to the region, the NATO official was surprised at how different the three regional states were. However, he said the NATO program was flexible enough to account for the specifics of all the countries.

On the Russian Army base in Armenia, MacKenzie said each country had the right to decide whether or not to host a foreign base on its soil. He said this should not cause any NATO concern.

'Partnership for Peace' Participation Sought

NC0108195195 Yerevan SNARK in English
1353 GMT 1 Aug 95

[FBIS Transcribed Text] Yerevan, August 1 (SNARK) — Today Vahan Papazyan, Armenian Minister of Foreign Affairs and Jeremy MacKenzie, Deputy Commander-in-Chief of NATO joint forces in Europe, held a joint press conference. Papazyan stated that cooperation with NATO in the framework of the "Partnership For Peace" program will be of great use to Armenia.

According to Papazyan, Armenia has already sent a application to Brussels to participate in the "Partnership For Peace" program. During the meeting between Ar-

menian leaders and the delegation from NATO, concrete forms of participation and details of the program were discussed. Papazyan said that the final version of the program will be adopted by this November or December after its discussion in Brussels.

Wider Cooperation With NATO Supported

LD0108190795 Moscow INTERFAX in English
1810 GMT 1 Aug 95

[FBIS Transcribed Text] YEREVAN, Aug 1 (INTERFAX) - Armenian President Levon Ter-Petrosyan supports wider cooperation with NATO within the framework of the Partnership for Peace program.

The presidential press office reported that Ter-Petrosyan made this statement in Yerevan Tuesday welcoming a NATO delegation led by a deputy commander of the NATO armed forces, General Jeremy MacKenzie.

Ter-Petrosyan said he hoped that NATO's Partnership for Peace program will promote settlement in many hotbeds, including the self-proclaimed republic of Nagorno-Karabakh.

Speaking at a news conference in Yerevan on the same day, Armenian Foreign Minister Vagan Papazyan said that the mutual agreement was that a bilateral cooperation program would be finalized this November or December.

Papazyan said he was confident that the Partnership for Peace program will prove very useful for Armenia in the context of solving the republic's economic, political, military and financial problems.

Israeli Envoy Pays 'Goodwill Visit' at End of Term

NC0108181695 Yerevan SNARK in English
1408 GMT 1 Aug 95

[FBIS Transcribed Text] Yerevan, August 1 (SNARK) — Vahan Papazyan, Minister of Foreign Affairs, received Barukh Ben Neria [name as received], the Israeli Ambassador Extraordinary and Plenipotentiary to Georgia and Armenia, on July 31. The Armenian Foreign Affairs Ministry's Press Office informed SNARK that the Ambassador arrived in Armenia on a goodwill visit as the term of his powers has expired.

The Ambassador appreciated the results of a Governmental delegation's visit to Israel and extended his thanks to the Minister and officials from the Ministry of Foreign Affairs for fruitful cooperation.

The Ambassador described the course and prospects of improving relations between Israel and Armenia. According to Papazyan, good relations between the two

countries will help attain a stable peace in the Middle East.

At the Ambassador's request, Papazyan commented on the Parliamentary elections and the Constitutional referendum. Also, Papazyan described the situation in the Karabakh conflict zone and the negotiations continuing within the framework of the OSCE Minsk group. The Armenian Minister and the Israeli Ambassador exchanged opinions concerning prospects of political resolutions of Caucasian conflicts.

Security Council Warns of 'Terrorist' Group Activities

*NC0108183395 Yerevan SNARK in English
1147 GMT 1 Aug 95*

[FBIS Transcribed Text] Yerevan, July 31 (SNARK) — According to a statement released today by Armenia's Security Council, the activities and goals of a recently neutralized terrorist group in Yerevan threatened the stability and democratization of Armenia.

The statement says that the political ties of the group members show the links between the group and the "Dro" military and intelligence secret organization of the Dashnaksutyun party. As stressed in the statement, the terrorist program would have been launched on July 29, the day of the second round of elections and a few days before the "Dro" trials began. Moreover, another endorsement of the Supreme Court's resolution on the temporary suspension of the Dashnaksutyun party's activity is expected soon. The six-month term has expired, however the Dashnaksutyun party has not given any guarantees that it will obey the "Law on Public and Political Organizations".

High ranking officials from various countries declared their support for the Dashnaks, and therefore, leaders of the party and the "Dro" organization considered themselves to be immune to the law. Furthermore, they believed that their illegal activity would be commented on in the context of human and political rights, and pressure would be exerted on the Armenian Government.

According to Armenia's Security Council, political assassinations and other terrorist actions as well as future plans of the neutralized group are as terrible as the activities of religious group in Japan, or militiamen in Oklahoma, or railway terrorists in France.

The Armenian authorities are confident that governments of countries concerned about democratization and stability in Armenia will abstain from supporting the terrorist organization. The Armenian authorities state that they will adhere to the policies of human rights and political freedoms and will wait for the end of court

proceedings to determine the fate of the accused. At the same time, the Armenian authorities will do everything possible to guarantee stability in Armenia and to protect the rights of citizens.

Parliamentary Repeat Election Results Revealed

*NC0108151295 Yerevan ARAGIL ELECTRONIC
NEWS BULLETIN in English 0923 GMT 1 Aug 95*

[FBIS Transcribed Text] Yerevan ("AZG" daily), 08/01/95 — Reelections have finished on 29 July in 27 electoral districts of Armenia.

Secretary of Central Electoral Committee Robert Manukyan said, deputy mandates have not yet been affirmed, since claims can be made to the commission within three days after the elections. The term expires today. According to yesterday's data, a few claims have been received.

According to preliminary results, member of ARF [Armenian Revolutionary Federation] Dashnaksutyun party Mr. Rubik Hakobyan was elected in the Electoral District No. 8.

President of the Democratic Party Aram Sargisyan lost the competition with former Deputy Minister of Social Protection Gegham Gharibjanyan in the District No. 9. Member of NDU [National Democratic Union] Seyran Avagyan lost to a representative of "Hanrapetutyun" alliance, president of "Haycoop" Razmik Danielyan in District No. 21. Member of the Communist Party Leonid Hakobyan won the representative of "Hanrapetutyun" alliance Avetik Grigoryan in the Election District No. 22. Member of ARFD Seyran Baghdasaryan, who collected majority of votes during first stage of elections, now lost [to] Hovhannes Aharonyan in the electoral district No. 30. Another member of ARFD Mkrtich Sahradyan lost to the head of "Mtavorakan Hayastan" union, member of "Hanrapetutyun" alliance Hovhannes Tokmajyan. Zaven Harutyunyan, (who, according to AZG, is supported by the Minister of Interior himself), won the competition with a representative of the "Hanrapetutyun" alliance Mekhak Gabrielyan in Electoral District No. 39.

It was expected that the elections in Electoral District No. 24 will be postponed, until the trial, as a result of a claim made by a candidate of ARFD Kim Balaian, is finished. Nevertheless, elections were held, and deputy chairman of the Arabkir District Executive Council, Member of ANM [Armenian National Movement] Harutyun Khachaturyan won the competition.

Georgia

Shevardnadze Wants 2 Oil Pipelines From Azerbaijan

LD0108143795 Moscow INTERFAX in English
1233 GMT 1 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 1 (INTERFAX) — Georgian leader Eduard Shevardnadze has declared, citing expert reports, that it is impossible to pump Azeri oil to the Black Sea by one pipeline alone, meaning two oil pipelines are needed.

As Konstantin Zhgenti, director of the Georgian Foreign Ministry's Political Department, has told INTERFAX, Shevardnadze made this statement during talks with Turkey's President Suleyman Demirel. These negotiations took place at the Georgian resort of Borzhomi yesterday after the opening of a new border checkpoint on the Georgian-Turkish border.

The Georgian leader believes that "this variant is quite feasible," Zhgenti said.

As reported earlier, there are two options for pumping Azeri oil: through Russia or through Georgia. Earlier, the two schemes were viewed as a one or the other issue.

Zhgenti quoted Demirel as saying that since Turkey is interested in laying an oil pipeline from Azerbaijan through Georgia, it will undoubtedly submit its arguments to the international consortium on the development and transportation of Azeri oil.

Zhgenti also quoted a Georgian negotiator as noting at the talks that "although Georgia's relations with Turkey are brilliant, the republic still favors balancing interests in the region and builds its policy on this principle."

Meskhethian Turks Meet Parliamentarians, Seek Return

LD0108161595 Tbilisi IPRINDA in Russian
1500 GMT 1 Aug 95

[FBIS Translated Text] Tbilisi, 1 Aug — Aleksandre Kavsadze, chairman of the Committee for Human Rights and Interethnic Relations, and a group of Georgian parliamentarians met today with 26 so-called Meskhethian Turks who arrived in Tbilisi from Azerbaijan and North Caucasus. The Meskhethian Turks said that after their deportation they had been scattered throughout the former Soviet republics and that even now they face considerable difficulties. They demanded to return home.

The so-called Meskhethian Turks suggested formulating a schedule for their return to Georgia, allowing just one or two families to return there. They also asked to meet with Eduard Shevardnadze.

It was decided at the meeting to set up a joint working group to be headed by member of parliament Guram Mamulia. The members of the group intend to meet the Georgian leader.

Abkhazia, Russia's Kabardino-Balkaria To Sign Agreements

LD0108132495 Moscow ITAR-TASS in English
1250 GMT 1 Aug 95

[By Irina Shchegoleva]

[FBIS Transcribed Text] Sochi, August 1 (ITAR-TASS) — Abkhazia and Russia's republic Kabardino-Balkaria are expected to sign a set of agreements in Nalchik today.

The press service of the news agency Abkhazpress told ITAR-TASS that Abkhazia's governmental delegation is coming to Nalchik today.

The delegation includes Parliament Chairman Sokrat Dzhindzholiya, Prime Minister Gennadiy Gaguliya and leaders of ministries.

The Abkhazian delegation said a set of documents to be signed are agreements on inter-parliamentary and economic cooperation in the sphere of science, education, health and culture.

A cooperation agreement is also to be signed by the Interior Ministries of Abkhazia and Kabardino-Balkaria.

Abkhaz Official Welcomes Russian Option for Settlement

LD0108134895 Tbilisi SAKINFORM in Russian
0911 GMT 1 Aug 95

[FBIS Translated Text] [No dateline as received] — Tamaz Nadareishvili and Zurab Erkvania, the heads of the Tbilisi-based Supreme Council and the Council of Ministers of the Autonomous Republic of Abkhazia have returned from Moscow. They participated in talks on the settlement of the Abkhaz conflict. Representatives of the Abkhaz leadership as well as the Russian mediators also participated in the talks.

In an interview to SAKINFORM, Nadareishvili welcomed the option for the conflict settlement offered by the Russian side. The option provides for a speedy return of refugees, retaining the territorial integrity of Georgia, and granting Abkhazia wide autonomy.

According to the chairman of the Supreme Council of the Autonomous Republic of Abkhazia, the separatist leadership of Abkhazia had familiarized themselves with the above option, following which the next round of talks will be held.

Deputies Fail To Agree on Draft Constitution

LD0108154695 Moscow INTERFAX in English
1233 GMT 1 Aug 95

[FBIS Transcribed Text] Tbilisi, Aug 1 (INTERFAX)
— The Georgian parliament today continued to debate the country's new draft constitution.

An INTERFAX correspondent reports that the debates have made it clear that the unanimity displayed by the deputies last week when the article on the human rights and liberties was under consideration, is over. Deputies are unable to reach agreement on practically any remaining articles in the draft Constitution.

The parliamentary majority still insists on a federative structure for the state, on forming a two-house parliament and on the creation of a strong presidential power.

For its part, the opposition is categorically against the federative state, is prepared to compromise on the parliament issue and the institution of the presidency if there are considerable compromises from the parliament majority.

The opposition demands, that the elections to the lower house be held solely on the basis of party tickets and that the future president be vested with mainly ceremonial functions.

Local observers believe that breaking the deadlock in parliament will depend on the readiness of Georgian leader Eduard Shevardnadze and the parliament majority backing him, to agree to a compromise.

In one of his remarks at the parliament session on Tuesday, the Georgian leader made it clear that he was ready for a compromise, for example, concerning the federative structure of the state. He said that the conciliatory commission is discussing the possibility of avoiding the term federative structure in the constitution, "unless it is fully clarified."

Under an earlier parliament resolution, the constitution is to be passed or rejected before August 3. In the event of a refusal, it is to be put to nationwide referendum, scheduled for August 20.

Estonia

Parliament Ratifies EU Association Agreement

WS0108151295 Tallinn BNS in English
1000 GMT 1 Aug 95

[FBIS Transcribed Text] Tallinn, Aug 1, BNS — The Estonian parliament at an extraordinary session on Tuesday [1 August] ratified the European Union's association agreement for the country, signed by Estonia on June 12.

The 101-seat legislature ratified the so-called Europe Agreement with 86 votes and no objections.

The agreement was approved by the Estonian government on June 20.

Unlike similar agreements for Latvia and Lithuania, the document offers Estonia to become EU associate member without a transition period.

The European Commission declared Estonia eligible for signing the agreement with EU on Feb. 22. The agreement comes into force after its ratification by the Estonian parliament and by the legislatures of EU member nations.

Similar association agreements have been signed so far by six other East European countries: Poland, Hungary, the Czech Republic, Slovakia, Bulgaria and Romania.

The three Baltic countries are the only nations of the former Soviet Union that the EU regards as ready for an associate member's status. Brussels has offered so-called partnership deals to other former Soviet republics.

Tallinn Considers Treaty on Russian Troop Withdrawal

Laar Regrets Weak Reaction

WS0108132195 Tallinn BNS in English
1600 GMT 31 Jul 95

[FBIS Transcribed Excerpt] Tallinn, Jul 31, BNS — The Estonian government should have reacted more sharply to rejection by the Russian Federation Council (parliament upper house) of the treaty on Russian troop withdrawal from Estonia, former Prime Minister Mart Laar said on Monday.

Laar, the chairman of the opposition Pro Patria party, said there would never again be a chance as good as that to make Estonia's positions on the treaties known through international media channels.

"It's a pity that this chance was missed in the summer's silent period," Laar told BNS. [passage omitted]

Vahi on Moscow's Non-Ratification

WS0108131095 Tallinn BNS in English
1900 GMT 31 Jul 95

[FBIS Transcribed Text] Tallinn, Jul 31, BNS — The Estonian parliament shouldn't discuss ratification of the treaties on Russian troop withdrawal and on social guarantees for retired Russian military before the Federation Council (upper house) in Moscow has ratified both agreements, Prime Minister Tiit Vahi said on Monday [31 July].

The Russian Federation Council on Thursday ratified the social guarantees agreement, but rejected the treaty on troop pullout.

Vahi said the Estonian government had approved the treaties and sent them to the parliament before Thursday's vote in Moscow and would not reverse its decision.

"This shows that our policy is consistent," he told BNS. "As far as we know the decision on non-ratification of one of the treaties by Moscow is not final. Had the Federation Council decided never to ratify the agreement, the government (in Tallinn) should have had to be called together and the previous decision changed," he said.

He added, however, that the vote by the Federation Council had changed the situation and that it would not be advisable now to have the treaties discussed in the Estonian legislature before the Russian upper house ratifies also the other treaty.

The prime minister said the treaties would not be discussed dealt with [as received] at the Estonian parliament's extraordinary sessions, due to take place on Tuesday and Wednesday. Yet it will be on Tuesday that the ratification of the treaties is to be formally sent to the parliament.

The Estonian government on July 25 approved the two agreements signed by presidents Lennart Meri of Estonia and Boris Yeltsin of Russia on July 26 last year.

The lower house of the Russian parliament ratified the treaties on July 21.

Accords To Be Considered in Fall

LD0108185395 Moscow INTERFAX in English
1836 GMT 1 Aug 95

[FBIS Transcribed Text] TALLINN, Aug 1 (INTERFAX) — The Estonian government submitted to parliament for ratification Tuesday [1 Aug] accords on Russian troop withdrawal from Estonia and on social security guarantees for retired Russian military officers who live in the Baltic country.

Yet parliament will not take up the documents at its current session, opened Tuesday, and has scheduled their consideration for the fall session, to open on September 11, an INTERFAX correspondent reported from the legislature.

The agreements were signed by the Russian and Estonian presidents, Boris Yeltsin and Lennart Meri, on July 26, 1996.

In them Moscow promised to pull out its troops from Estonia by August 31, 1994, while Tallinn pledged to permit Russian pensioners and their families permanent residence and employment in Estonia and give them other rights.

The agreements were ratified by the State Duma, Russia's lower house of parliament, on July 21, 1995, but the Federation Council, the upper house, on July 27 confirmed the ratification of only the agreement on pensioners and rejected the troop withdrawal one.

Latvia

President Guntis Ulmanis Interviewed

MM0108135195 Moscow TRUD in Russian 1 Aug 95 pp 1-2

[Interview with President Guntis Ulmanis by Olga Boguslavskaya in Dubulti; date not given: "Guntis Ulmanis; 'Future Is Built in the Depths of the Past'" — first three paragraphs are introduction]

[FBIS Translated Text] Dubulti, Latvia — Latvian Republic President Guntis Ulmanis is 55 years old. His father was a nephew of Karlis Ulmanis, the head of the Latvian republic in the last years before the occupation in 1940, and was repressed and died in 1942 in the Vyatka camps. In 1941 Guntis Ulmanis' mother was deported to Krasnoyarsk Krai where she lived with her son through 1948. In 1950 G. Ulmanis' relations were again sent to Siberia.

G. Ulmanis graduated from the economic faculty of the Latvian University and worked in the social sphere and in 1992 he became a member of the council of the Latvian state bank. He joined the Latvian Peasants Union, of which he is honorary chairman to this day. On 7 July 1993 the Latvian Saeima elected Guntis Ulmanis the country's president.

His wife, Ajna Ulmane, is also an economist; his daughter, Guntra, is a teacher; and his son, Alvis, is an engineer.

[Boguslavskaya] Mr. president, first let me thank you for agreeing to meet with a TRUD correspondent and inviting me to your out of town residence on this day off.

Relations between Russia and Latvia since the restoration of your state's independence have been taking shape with difficulty. There are both objective and, probably, subjective, reasons for that. Do you believe that it was possible initially to mitigate the effect of these reasons on mutual understanding between us? Is that not hindered by the politicians, who are struggling primarily for personal power? The national idea attracts many people and today it is not hard to play that card in politics....

[Ulmanis] I understand that this is a question which is a leitmotif of the consciousness of all sensible people.... The answer is not simple.... Especially as it is a long time since I gave interviews in Russian and I have to search for the right words.

Russia and Latvia must seek opportunities for understanding each other correctly. We must not impose on the other side positions conditioned by domestic political situations and that is indeed happening now that politicians are trying to win popularity primarily with their own people, their own party, or specific strata of the population. For the sake of these short-term ambitions we are causing very great harm to our peoples. We must start thinking in new categories — about how we shall live in 100 years time. What we sow today we shall reap tomorrow.

[Boguslavskaya] A hundred years! It is hard enough to speculate about 10 years hence....

[Ulmanis] Yes, I want to lay the foundation for relations with Russia with a consideration for their long-term development. For me as president the most important thing is the fate of the Latvian people and their mutual relations with their neighbors. There is no doubt that some time must elapse to make an assessment of all aspects of the legacy of the past in our state's relations. But these years could and should have been eased by renouncing unfounded rebukes and sermons. Of course that depends primarily on our states' politicians. I am always ready to talk to those Russian politicians who do not believe that Latvia, Lithuania, and Estonia have just moved away for a while and will soon be returned to the Russian empire or the CIS. First of all we must recognize historical reality. Europe is working on our common future and is creating models of cooperation between different states at different stages of development. Latvia is taking an active part in this process. I think that Latvia and Russia must act in interstate relations in accordance with the spirit which prevails in present-day democratic Europe. The time will come and we will sit down calmly and examine within a working procedure the problems which are now captive to emotions. The main thing is that everyone

today must sincerely recognize the load of moral responsibility borne by each politician and statesman.

[Boguslavskaya] Do you believe that there is a real possibility of these new approaches in relations between our countries today? I have in mind the specific situation and the present politicians who determine it.

[Ulmanis] Yes, undoubtedly. He who believes that our relations with Russia are "bad" is wrong. In no circumstances! But I would call them as partly rigid, as they would be between two people who have taken offense. We must overcome these grievances: I believe it is easier for a strong person to do this if he realizes that the one who is smaller and weaker has suffered. I agree to talks because talks are always better than fighting. The Latvian Government and a considerable proportion of the Saeima — and, like your Duma, it is not homogenous — are interested in seeking contacts. It is harder for me to speak of Russia — you have an enormous range of diverse political forces. But I would like to believe in the democratic orientation of Russian society and the state. Unfortunately, it sometimes seems to me that the Russian side is not displaying the same desire to set up our relations. We have very few meetings at the level of governments and ministries. I have had one meeting with Mr. Yeltsin and we have written to each other two or three times. We did not spoil relations and we do not have questions on which we could not continue to converse calmly. But we have been waiting for over a year for a return governmental visit and the foreign ministers have not yet met once for serious talks. And that allows some circles to live without noticing their neighbors. It is hard for the convinced heirs of any former empire to rid themselves of imperial approaches. I am not sure that the Yalta and Potsdam agreement have been forgotten and that their spirit is not abroad in the subconscious of some politicians.... For instance, what is included in the concept of the near abroad? Only geography, or is there some politics? After all it takes as long to fly to Helsinki as to Vilnius, Riga, or Tallinn. Of course we realize why Finland and other countries are not called "the near abroad." Latvians have their own feelings on the subject. I think that the ordinary man sees the recent past in these unfounded designations and is afraid of being returned to the situation of 50 years ago.

[Boguslavskaya] Do you also remember that fear?

[Ulmanis] I feel it, although it is not the motivation for my actions. And I realize how our people feel it. We cannot rework history and we should neither whiten nor blacken it. It would be wonderful if the Soviet army, having liberated the Baltic states from fascism, had wished their people happiness and left for its own

country. But things happened differently. The Soviet army units were stationed in every Latvian town. Like many Latvians I remember our family's deportation to Siberia. Thousands and thousands of Latvians, like my father, died in the Gulag torture chambers. I do not believe that the new Russia has aggressive intentions against Latvia. But I cannot listen to the statements by some Russian politicians regarding the possibility of using military force in particular conditions or about the need to regain particular territories.

There have been reports in the Russian press claiming that I was a KGB agent and my father was connected with the fascists. My father was killed in 1942 in the Vyatka camp and to this day I do not know where his ashes or the ashes of the former Latvian president are. I do not want to think that this is the opinion of Russia's official authorities. I am sure that this gross act of political provocation was thought up in other circles in order to maintain in relations between our nations the temperature characteristic of communist times. In my opinion the pretext was the Baltic countries' failure to come to Moscow 9 May. But to interpret that fact as a demonstration, as the reluctance to recognize the Russian people's services in defeating fascism is not only wrong, it is also cynical. Latvia, like Russia, was a victim of Stalinism and fascism. The day of the defeat of fascism and the commemoration of all the victims of World War II we celebrated 8 May. But to go to celebrate that date as the anniversary of liberation would be unfair to the Latvian people who suffered for half a century from communist deportation, repressions, and fear. I wrote about all this to president Yeltsin in early April this year.

[Boguslavskaya] For Russians, Mr. Ulmanis, this is the day of victory over fascism, of the end of a terrible war, a day for remembering and thanking the soldiers.

[Ulmanis] On 8 May I visited the cemetery where Soviet soldiers are buried and I felt profound grief. I have never reproached the Russian people for what happened to Latvia, I have not identified them with Stalin and the Bolshevik ideology, from which the Russians suffered no less than us.

I set two aims in giving these interviews. I would like you to use your influential newspaper to show the Russian reader my views even if he does not share them. Let him see my clear answers and not the distorted picture created and repeated by irresponsible middlemen. My second hope is that Russian politicians will understand that Latvia wants stable, good-neighborly relations. Let them try to listen to the people who have been elected by the people in Latvia today, to those who are in power and on whom the solution of our common problems for

developing normally depend. I very much hope that I will have the opportunity to visit my fellow countrymen in Russia, a visit on which I reached agreement with Mr. Yeltsin. There are about 100,000 of them and they are very eager for this visit.

[Boguslavskaya] We in Russia are also very concerned for the fate of the Latvian population called Russian-speaking, Mr. president. You will agree there are many reasons for this.

[Ulmanis] During my presidency I cannot recall a single ethnic conflict. Such conflicts could be created where there are irresponsible politicians. As far as we are concerned our peoples do not need to be taught what language to speak. They live in the same houses and in the joy or misfortune which befalls a neighbor they do not ask if he is a Russia, a Latvian, a Pole, or a Jew. But if he wants to live here a person must accept a number of conditions, including mastering the language. Language is not a routine daily concept, through it he reaches the country, culture, and mentality of the people. Without a knowledge of the state language any person in Latvia is doomed to self-isolation and cultural and spiritual poverty and that is not the way for a person who chooses this country as his motherland.

[Boguslavskaya] Latvia's industry was in many ways Russian-speaking....

[Ulmanis] Yes, that is so. People were involuntarily hostage to the colonialist system whereby Latvians were deported to Siberia while large enterprises were constructed intensively in Latvia against our will and the country was settled with representatives from other regions of the USSR. Latvia is geared today toward the EU and must fulfill quite tough economic conditions. Industry in the volumes in which we used to supply the entire Soviet Union with a particular product will never be restored because it was a model adapted to an empire and not to Latvia or Europe. For many people this has become an unpleasant change in their personal destiny, a big disappointment. And for purely human reasons if I could I would help them find their happiness in other work and show themselves in Latvia, Russia, or any "promised" land. But, alas, the market economy dictates its own laws and everyone must reorient themselves, irrespective of nationality. Each person must have the opportunity to determine his place on earth himself. That will happen if we recover from the Soviet illnesses and development proceeds along a natural route.

[Boguslavskaya] Do you believe that national contradictions are characteristic of a society in crisis?

[Ulmanis] I believe that at times of rapid changes contradictions are in many ways simply seen more clearly.

Every day brings new problems and not everything can be resolved as it is seen "in theory." I think that not a single Latvian president will have to work under such complex conditions as I. I feel that every day I am acquiring something new and ridding myself of stereotypes. The most terrible consequences of the past are in our heads and it is hard for me to believe people who assert that they do not carry the bacillus of the past. The future is built in the depths of the past and it is very important to see its dark and light sides. We Latvians tried in those times with all our might not to become slaves to the regimes imposed on us. Our people created the potential which Latvia now has. The best Latvian poets, scientists, creators, and masters left the land called Latvia. Workers and peasants gave their labor to it. I am glad that in five years we have learned to assess a person according to his abilities and deeds. A person's views can change, he can develop and consider his life in a new way. I value highly everyone who can build his destiny anew. Without doubt many people who used to believe deeply in communism have realized that they were wrong and are prepared to invest their gifts and labor in the resurrection of their motherland. We must treasure every person. If he has stumbled he must be responsible. But he must not pay all his life! We cannot merely blacken. Over these 50 years much that was good and valuable was done which we must not lose — and that includes relations between people of different ethnic groups.

[Boguslavskaya] Mr. president, can I ask you to say a little about yourself?

[Ulmanis] My personal story is the story of an ordinary man who has lived, studied, and worked at that time....

[Boguslavskaya] How did you feel on the day you were elected president?

[Ulmanis] There is no doubt that I was happy. And at the same time I felt the burden of responsibility placed on me. I wanted it and had done a lot for it. I shall do everything to be a president worthy of Latvia and its people. I am an optimist, that is my nature inherited from a people who have overcome difficulties without losing heart. The presidential institution has its own tough demands and often a decision must be taken after hard thought. When I feel bad my son jokes: Ring the boss and tell him you're not coming to work....

[Boguslavskaya] This house was Aleksey Kosygin's former dacha?

[Ulmanis] Yes, that is no secret. He was undoubtedly not the worst man in the Soviet political elite and I feel good in this house in Dubulti. There are no ghosts here.

[Boguslavskaya] Was Mrs. Ulmane involved in decorating it?

[Ulmanis] Very actively. It is true that the president's budget is modest. We do not even always make official visits together. My wife has now gone to the United States at the invitation of Mrs. Clinton with whom she formed good relations during president Clinton's visit to Latvia. Mrs. Clinton and Ajna Ulmane have signed an agreement on U.S. aid to us in the medical field. My wife has been through a lot: Because I have become president she now has to perform the duties of first lady and they are not simple. I know it is very hard for her and we sometimes reminisce about how we used to live our own "nonpresidential" life. But we have lost nothing in our relations and after a hard day I am always glad when she scolds me for the mess on the table.

[Boguslavskaya] My god, do presidents really get told off by their wives, like ordinary mortals?

[Ulmanis] I assure you there is nothing intriguing about a president's life. And mutual understanding in the family is granted by god and I know that the only thing which I shall never experience is the "joy" of a second marriage.

[Boguslavskaya] Your residence covers a small area, the gate opens onto a communal beach and there is almost no guard.

[Ulmanis] I insist that the guard system should not humiliate those who visit me. I am particular about these matters although the guards do get a little nervous. But I am not afraid — what is written in the book of fate will probably happen. With that I should like to end this serious talk. I am glad that Saturday evening was no obstacle to it. I wish you and your newspaper's readers the best. Until our next meeting!

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